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Beyond the EC Vision for '92: Fears of a 'Fortress Europe'

By Steven Greenhouse
New York Times Service

BRUSSELS — There is a magnificently simple vision behind the European Community's plans to remove internal trade barriers in 1992: help Europe grow faster by encouraging more competition and efficiency.

But companies based outside Western Europe are starting to get a dark and clouded vision of 1992 — they fear that as the EC tears down its internal barriers to form a single, unified market of 320 million people, it might erect higher walls to keep competitors out.

"Fortress Europe" may not be here yet, but many American and Japanese officials and executives say that through import quotas, antidumping actions and requirements of reciprocity, a fortress might be taking shape, brick by brick.

"What's important is that Europe not become free traders internally, and protectionist externally," said Clayton K. Yeutter, the U.S. trade representative. "That's where the jury is out right now."

Fears about the development of Fortress Europe have grown so intense that last Wednesday senior officials of the European Commission, the community's executive branch, called a news conference to reassure their trading partners and to dismiss the fears as "senseless and groundless."

The assurances did little to alleviate anxiety.

Although American and Japanese officials say it is not too late for the EC to keep Fortress Europe from being built, they say the evidence pointing to construction of a fortress has been piling up:

● The commission has drafted a rule that could prevent foreign banks from setting up in Europe unless their home country grants "reciprocal" opportunities to European banks.

This could mean that a U.S. bank might not be able to obtain a license to operate in all 12 EC member nations because European banks do not have the right to open in all 50 U.S. states.

● France, Italy, Spain and Portugal all have quotas that limit the number of Japanese cars that can be sold in their countries each year, and the European car industry has recently called for replacement of those restrictions with a single quota.

The European Commission is considering the proposal, which would roll back the number of Japanese cars sold in Europe to the levels of three years ago.

● Last month, the European Community slapped dumping duties on many Japanese and South Korean videocassette recorders. It was just one of the many penalties the EC has ordered recently on billions of dollars worth of Asian goods.

The Japanese say the penalties, which have even been placed on some products that Japanese companies make in Europe, stretch in-

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What Europe Buys [illegible]

What Sells in Europe [illegible]

President Saddam Hussein of Iraq, left, greeting Yasser Arafat in Baghdad on Sunday. President Hosni Mubarak of Egypt is at center.

Shamir and Peres Clash on Peace Efforts

By Glenn Frankel
Washington Post Service

RAMAT GAN, Israel — The two candidates for prime minister of Israel, Shimon Peres of the Labor Party and Yitzhak Shamir of the Likud bloc, clashed sharply Sunday over Mr. Peres's plan for pursuing peace in the Middle East.

In the only televised debate between them before the Nov. 1 national election, Foreign Minister Peres pleaded with viewers, saying: "If you give me a chance, I can start negotiations and the whole picture in the Middle East can change."

Prime Minister Shamir accused Mr. Peres of seeking to "sell out" Israel at an international peace conference.

"To my great sorrow," Mr. Shamir said, the foreign minister had violated their coalition agreement in pressing for such a conference despite failing to get an endorsement from the cabinet. Under the coalition agreement of September 1984, Mr. Peres was prime minister until October 1986, then gave up the position to Mr. Shamir.

Mr. Peres retorted angrily that Mr. Shamir was guilty of "inciting slander and illusions."

He asked, "Who is selling out the country? Me?

"Yitzhak Rabin?" he added, referring to the defense minister.

"What kind of words are these?" Mr. Peres said. " I suggest to you, Mr. Shamir, that you tell your people in the Likud to tell the truth."

It was dramatic, rapid-fire television between two clearly impassioned men. But it was unclear what impact, if any, the 35-minute exchange would have on the extremely close electoral contest and on the small, but crucial group of voters wavering between the Likud bloc and the Labor Party.

Each side claimed victory afterward. But Mr. Peres's aides, who prepared the foreign minister with four practice debates, spoke of having scored a clear triumph for Labor. Mr. Shamir's aides continually emphasized that the prime minister had not been expected to do well and had more than exceeded those expectations.a

"It was a knockout in the first round," said Avraham Burg, Labor's campaign spokesman and a Knesset candidate.

"Peres looked and sounded governmental while Shamir was narrow and partisan," Mr. Burg said. "We know from our polls that one thing that characterizes the undecided voter is that they are looking for a political solution, and the only one who offered such a solution today was Shimon Peres."

The prime minister's press adviser, Avi Pazner, said Mr. Shamir, who is considered less polished and articulate on the stump than his Labor rival, had only spent three hours in preparation and had not held a practice debate.

Binyamin Netanyahu, a Likud candidate for the Knesset, said: "In the game of expectations, Likud clearly won. For weeks Labor was accusing Shamir of being too scared to debate. Anyone watching will see a forceful, forthright Sha-

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Jordan And PLO Ease Rift

Aim Is to Hinder Shamir and Aid Arab Prospects

By Alan Cowell
New York Times Service

CAIRO — The leaders of Egypt and Jordan reported significant progress Sunday in healing a two-year rift between Jordan and the Palestine Liberation Organization, following unexpected negotiations between them and the PLO chairman, Yasser Arafat.

Mr. Arafat, King Hussein of Jordan and President Hosni Mubarak of Egypt took part in the Egyptian-brokered talks in Aqaba, Jordan. Egyptian officials said that the talks, held Saturday, were part of an evolving Arab strategy to undermine Prime Minister Yitzhak Shamir of Israel in parliamentary elections scheduled for Nov. 1 in that country.

The talks also were designed to link the PLO with a bloc of moderate Arab nations in the stalled quest for a Middle East peace, in order to counter U.S. and Israeli hostility toward the PLO, the officials said.

Mr. Mubarak and Mr. Arafat flew on Sunday from Aqaba to Baghdad to meet with President Saddam Hussein of Iraq, who was said by Palestinian officials to have helped arrange the talks in Aqaba.

King Hussein and Mr. Arafat had been estranged since early 1986, when yearlong efforts toward a joint approach to peace negotiations with Israel failed to produce an agreement.

The king's decision announced on July 31 to sever administrative and financial ties with the Israeli-occupied West Bank, without informing Mr. Arafat in advance, reflected deepened hostilities.

However, according to official accounts of the meeting on Saturday, King Hussein expressed "full satisfaction" at the outcome of the discussions and said that Jordan and the PLO would henceforth coordinate their approach to the stalled Middle East peace process.

The meeting between King Hussein and Mr. Arafat was the first since the king's announcement in July.

King Hussein reaffirmed on Saturday that he accepted the PLO as the "sole, legitimate representative of the Palestinian people," Jordanian radio and the country's official press agency said. They quoted the

See PLO, Page 5

What? Bush in a Landslide?

By E.J. Dionne Jr.
New York Times Service

WASHINGTON — Two weeks ago, the 1988 presidential campaign between George Bush and Michael S. Dukakis was widely regarded as a close race in which the vice president had a small advantage.

Now, after the second debate between them, politicians have begun to talk about a Bush landslide.

The practical question confronting the campaigns is: How can each side use the new perceptions to help its cause?

But the sudden shift in perceptions also raises questions for those who take polls and write about them or otherwise study the course of a campaign.

Is the new talk of a Bush landslide grounded in a reality firmer

NEWS ANALYSIS

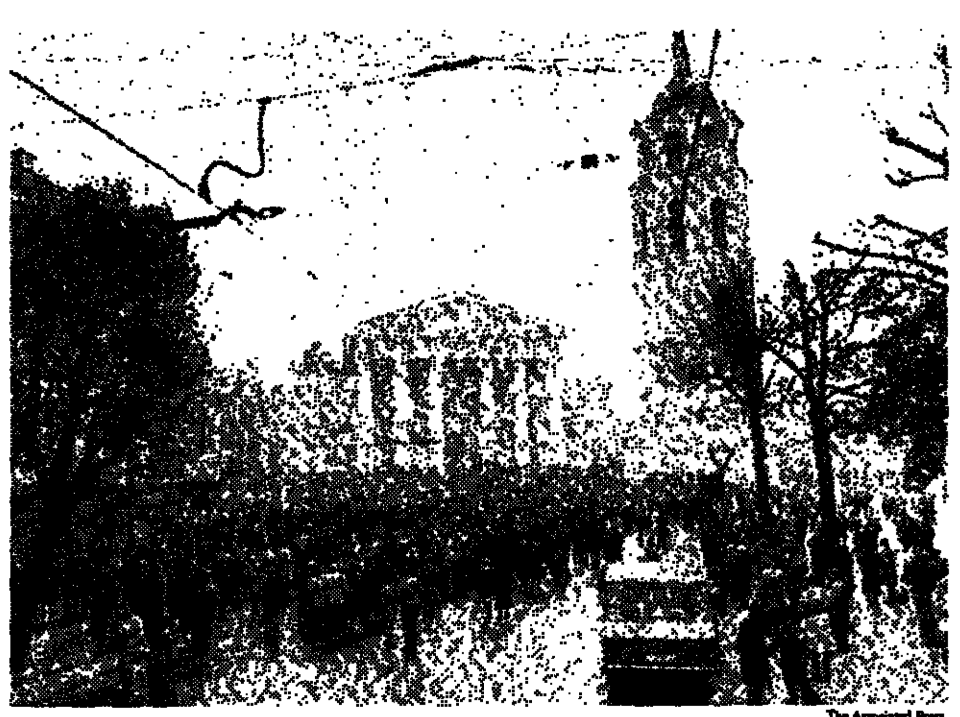
than the old talk of a close race? Even if the new talk is true today, will it last out a week certain to be peppered with new polls? And ultimately, does talk of a landslide make a Bush victory more or less likely?

For all the shifts from poll to poll, virtually every poll taker and politician sees Mr. Bush with a clear lead — and in many states, especially in the South, with an overwhelming advantage.

Representative Newt Gingrich, Republican of Georgia, is just one of many in his party to foresee "a 40-state plus" sweep for Mr. Bush on the order of President Ronald Reagan's 1980 and 1984 triumphs.

Senator Dan Quayle of Indiana, Mr. Bush's running mate, said Friday that the Democrats were so weak "they might end up on election night maybe having a one-state strategy, or maybe they'll just

See BUSH, Page 3



About 5,000 Lithuanians attending a Mass on Sunday outside the Vilnius cathedral, used for decades as an art gallery. The Lithuanian government said it was returning the edifice to the church.

Lithuanians Drop Demand On Secession

Reuters

VILNIUS, Soviet Union — A new mass movement in Lithuania dropped demands Sunday for the republic to have the right to secede from the Soviet Union.

The decision was made at a televised founding congress of the Sajudis, the Initiative Group in Support of Perestroika. But the delegates called for regional economic independence and free elections.

Earlier Sunday, 5,000 people packed the square in front of the Vilnius cathedral for the first Roman Catholic Mass allowed there in almost 40 years. The Mass was shown live on Lithuanian television in what local journalists said was probably the first television broadcast of a Roman Catholic ceremony in Soviet history.

OPEC Fails To Reach Output Plan

By Youssef M. Ibrahim
New York Times Service

MADRID — An ambitious attempt by the Organization of Petroleum Exporting Countries to limit oil production collapsed over the weekend as Iraq and Iran were unable to bridge their differences.

The OPEC scheme, which was rejected by Iran, would have integrated Iraq into the production quota system that it has flagrantly dismissed, reinstituted production discipline for the 13 members of OPEC and eliminated about 3 million barrels of excess oil a day from world markets, in an attempt to shore up prices.

Despite its refusal to accept direct parity with Iraq, Iran did hint over the weekend at the possibility of future compromise if certain face-saving measures were taken.

Under the unsuccessful proposal, submitted by Saudi Arabia and Kuwait, both Iran and Iraq would have output ceilings of 2.3 million barrels a day under a total OPEC output ceiling of 17.4 million barrels a day. The total ceiling for all OPEC members would rise next year to 18.5 million barrels a day, with parity remaining between Iran and Iraq. An integral part of the plan was the principle that a rise in each nation's output was necessary for discipline to be retained.

A number of ministers insisted that the plan was not dead and said a new attempt would be made to adopt it before the end of the year.

But oil industry executives who previously seemed certain of success over the weekend said the failure to reach an accord at this point may lead to a further fall in oil prices of as much as $2 to $3 a barrel. West Texas Intermediate, the benchmark U.S. crude, for December delivery closed Friday in New York at $14.33 a barrel.

"There is no question this is going to push prices down," said Oscar Wyatt, chairman of Houston-based Coastal Corp. "OPEC's inability to find common ground will be poorly received by the industry."

"OPEC is losing time," noted Bahman Karbassioun, an Iranian

See OPEC, Page 9

Kiosk

Hurricane Kills 50, Ortega Says

MANAGUA (Reuters) — President Daniel Ortega Saavedra said Sunday that the hurricane that struck Nicaragua on Saturday killed at least 50 people and forced 300,000 out of their homes.

Mr. Ortega said between 50 and 60 people may have died and several towns were destroyed after the hurricane hit the Caribbean coast with winds of 135 mph (215 kph).

Article on Page 3

A satellite photo of the hurricane that hit Nicaragua.

General News

Diaries by Nikita Khrushchev's son say the leader did not resist overthrow. Page 2.

Paris Fashions

Claude Montana is in form on a fashion trapeze. Page 5.

Special Report

Efforts at regional cooperation in West Africa have been slowed down by an economic recession. Pages 11-13.

Business/Finance

Japan said it would rescind limits on private computer networks. Page 7.

Budget Deficit Is Priority, Candidates' Advisers Say

By Reginald Dale
International Herald Tribune

Leading economic advisers to both U.S. presidential candidates believe that the next U.S. administration must give top priority to cutting the U.S. budget deficit, first by controlling spending, and by tax increases only if that fails.

In interviews with the IHT, Martin S. Feldstein, an adviser to Vice President George Bush, and Lawrence H. Summers, an adviser to Governor Michael S. Dukakis, also suggested that the dollar's current level was too high, although Mr. Feldstein was much more emphatic on the point than Mr. Summers. (Page 2.)

Both men were confident that a U.S. recession could be avoided.

Although Mr. Bush has repeatedly ruled out a tax increase, Mr. Feldstein said that "obviously" a tax increase would be needed if Congress failed to get spending under control along the lines of the "flexible freeze" that Mr. Bush has proposed. Mr. Summers repeated Mr. Dukakis's insistence that a tax increase should be considered only as "a last resort."

While Mr. Feldstein said the dollar would fall by roughly 25 percent over the next three years, Mr. Summers limited himself to saying that the dollar's recent rise was disturbing.

The two differed sharply on the future of economic and monetary coordination among the seven leading industrial countries, which Mr. Summers said should be extended. Mr. Feldstein said the seven should go back to much more informal discussions and being in other countries.

Although neither has a formal role in his preferred candidate's election campaign, one or the other could play a prominent advisory role to the new administration.

Mr. Feldstein, president of the Bureau of Economic Research in Cambridge, Massachusetts, was chairman of President Ronald Reagan's Council of Economic Advisers from 1982 to 1984.

Mr. Summers, a Harvard University economics professor and a former pupil of Mr. Feldstein's, served briefly on the same council.

Kohl's Moscow Visit Ends a 5-Year Chill

By Robert J. McCartney
Washington Post Service

BONN — Chancellor Helmut Kohl of West Germany goes to Moscow on Monday for a visit that underlines Western Europe's increasing willingness to use its economic might and diplomatic influence to help President Mikhail S. Gorbachev of the Soviet Union remake Soviet society.

Mr. Kohl's trip ends a five-year chill in Soviet-West German relations. The Soviets welcomed Prime Minister Ciriaco De Mita of Italy to Moscow last week, and President François Mitterrand of France is to visit Moscow in November.

[Mr. Kohl vowed Sunday to press Mr. Gorbachev during his visit about German reunification, a goal firmly opposed by the Soviet Union, Reuters reported from Bonn.

[The chancellor told West German television he would say that Germans have the same right to a united country as Russians have to a united Moscow. Mr. Kohl said he would suggest that Mr. Gorbachev look from the Kremlin at the Moscow River below and "imagine a wall and barbed wire fence put up there, with your mother on one side, your brother on the other."]

The stepped-up West European diplomacy partly reflects a desire to take advantage of the lull in U.S.-Soviet exchanges during the American election campaign.

But it also illustrates the West Europeans' growing desire to play an active role in nourishing what they see as a chance that Mr. Gorbachev's policies could fundamentally improve East-West relations, eventually tearing down some of the barriers that have divided Europe since World War II.

In an interview with the West German magazine Der Spiegel released on the eve of Mr. Kohl's visit, Mr. Gorbachev hinted that improved Soviet-West German relations could lead to increased contacts across the Berlin Wall.

Asked whether his oft-proclaimed desire for "a common European house" implied "an open door in Berlin," Mr. Gorbachev answered, "Without it, the architecture of the house would be incomplete."

Western Europe's eager approach to Mr. Gorbachev, which already has aroused qualms in the United States, is most evident in the rush this year of West European bankers to lend money to the Soviets. Banks in West Germany, Italy and Britain have lined up to grant credit lines worth billions of dollars to the Soviets to assist Mr. Gorbachev's economic restructuring campaign, and at the same time promote West European exports.

Japanese banks, too, are reportedly planning to lend the Soviets up to $2 billion.

Mr. Kohl is taking with him on the four-day visit a delegation of about 50 businessmen, who are to sign more than 30 contracts for joint ventures and other deals.

The enthusiasm of many West Europeans for economic coopera-

See KOHL, Page 5

In Sleep, an Expert Says, Less Is Enough (If You Catnap)

By Barry James
International Herald Tribune

PARIS — How much sleep is the right amount?

"Six hours for a man, seven for a woman and eight for a fool," runs an English proverb. The Benedictine Rule prescribed seven and a half to eight hours for industrious monks. The American labor movement in the 19th century demanded "eight hours for work, eight hours for sleep, eight hours for what you will."

Whatever the answer, a French expert says the amount of time most people spend abed can safely be reduced by up to two hours a night on condition that the lost sleep is replaced by one or, preferably, two short naps during the day.

That, says the expert, Pierre Fluchaire, adds up to more than a month of extra waking time every year.

Mr. Fluchaire, a teacher of engineering at the Ecole Centrale in Paris, an elite university, began taking an interest in sleep when he was a student at the school, more than 20 years ago, as a means of improving his ability to study.

He went on to read everything he could find on the subject in the scientific literature and is now completing his seventh book about sleep, fatigue and dreams.

"The science is still in its infancy," said Mr. Fluchaire, who added that most of the French do not understand what he calls "the few simple laws of good sleeping."

The French consume more tranquilizers than any other people in Europe with the exception of the Belgians, according to health officials. And in the course of an eight-year education, Mr. Fluchaire said, French internists get only two hours of instruction about sleep, and that mostly to learn how to prescribe sleeping pills.

"Fatigue and insomnia are two of the great disorders of our century," he said in an interview. "They are linked with stress, which is both the cause and effect of poor sleeping. When you sleep badly, you wake up stressed, and when you are under stress, you sleep badly. It's a vicious circle."

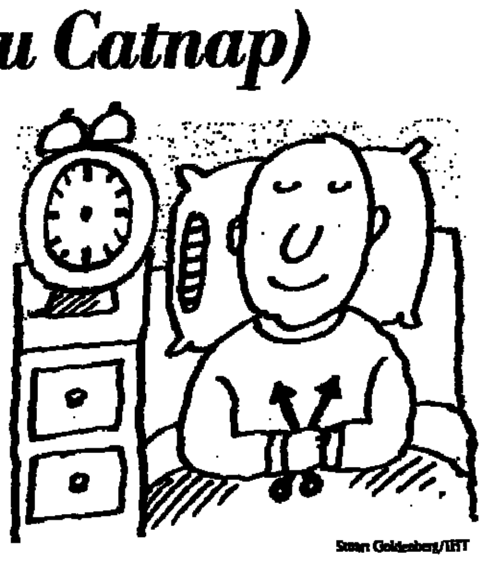
Yet "gentle sleep," as Shakespeare put it, "is nature's soft nurse," a fact we frequently ignore at our peril, Mr. Fluchaire said.

The secret of good sleeping is to recognize the body's natural rhythms and respect them, he said. "Each one of us has a preferential time to go to sleep," he said. "It is like a train that passes."

If a person misses that train, he advises, it is best to stay awake and catch the next one a couple of hours later, when the body's biological clock next summons sleep, rather than trying to get to sleep when the clock is saying "wake up."

"Our brain sends us messages telling us when to go to sleep, if only we would recognize them," he said.

See SLEEP, Page 5



Susan Goldenberg/IHT

PEOPLE

'Caine Mutiny' Debut To Oration in Beijing

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ATTENTION Overseas Americans Absentee Ballot for U.S. elections

Bush Aide Insists Spending Cuts Can End Deficit

Martin S. Feldstein, president of the National Bureau of Economic Research in Cambridge, Massachusetts, is an economic adviser to Vice President George Bush, the Republican presidential candidate. He was chairman of President Ronald Reagan's Council of Economic Advisers from 1982 to 1984. He talked to Reginald Dale of the International Herald Tribune.

Q. International economists are virtually unanimous in their view that the new U.S. administration must increase taxes — that spending cuts, or the "flexible freeze" proposed by Mr. Bush, will not be enough to reduce the budget deficit.

A. That is a large part of what the election is about. The flexible freeze, meaning no increases in real spending on either defense or nondefense other than Social Security, would take the deficit down to less than 1 percent of GNP by 1993.

If the markets were convinced that we were going to achieve that, we would see lower interest rates, and we'd be even closer to budget balance.

Q. You still wouldn't need a tax increase to get rid of that last one percent of GNP?

A. Well, if the interest rate dropped 2 percent, you'd be at zero in 1993 without a tax increase. If the interest rate didn't drop, it would take another year to two years to get there.

The big point is whether one can get that kind of spending control. If you can't, then you obviously do need a tax increase.

Assuming Bush wins, everything really hinges on whether Congress will treat his election as a mandate to go along with further controls on the growth of outlays.

Q. And your scenario would avoid a dollar crisis?

A. If Congress passed a clearly reliable program, I think markets would start celebrating immediately.

But I think the dollar is going to come down in any case, and I don't regard that as a crisis.

Q. The question is not just will the dollar come down, but should it come down? Is this a good thing?

A. When I say the dollar is going to come down, roughly 25 percent over the next three years or so against the other major currencies, I'm not making a "should" statement. I'm saying what I think the market is going to basically insist upon.

Because if we don't do that, then the current-account deficits are going to remain large, indeed start getting larger, and I don't see private investors around the world willing to finance that on a sustained basis.

Q. Would a Bush administration continue the current process of coordinating economic and

MONDAY Q&A

monetary policies in the Group of Seven?

A. My sense is that the G-7 process is much more talk than action, that we go to those meetings and say, 'As our contribution, we will reduce the budget deficit.' But whatever budget-deficit reductions happen in Washington don't happen because of some promise that was made in Toronto or in Tokyo. They happen because of domestic U.S. politics. The same can be said about the policies adopted in Germany and Japan.

I think the process of telling the world that these seven leaders have everything under control can be counterproductive. When there's an indication that coordination is clearly not happening, markets can be frightened unnecessarily.

Q. So would a President Bush say we should change things?

A. I don't know what he will say. But I think it would be good if we moved back toward much more informal, private, off-the-record discussions and a willingness to extend those discussions beyond the G-7, to include the smaller European countries and some of the larger developing countries.

•

Q. Will the U.S. trade deficit continue to decline?

A. I think we're going to see a substantial slowdown in the improvement unless the exchange rate continues to decline. Since I think the exchange rate is going to decline, I think we will see further progress.

Q. Are the United States' allies doing enough to promote the adjustment process?

A. I don't think that if they stimulated their economies substantially more it would have a noticeable impact on our trade imbalance. I think the exchange rate is really the key. There's certainly no case for our pressing them to grow faster.

•

Q. Are you concerned about the threat of a U.S. recession?

A. There's certainly no recession on the horizon now. The economy is in remarkably good shape when you think how long this recovery has been going on. What's to be done to keep us there? I think two things: one, to avoid significant increases in inflation, indeed to bring inflation down gradually, so that we don't get to a point, as we did back in 1981, where the Fed has to step on the brakes hard, push the economy into recession in order to undo an inflation.

Q. Bring it down gradually how, through monetary policy?

A. Yes. By the kind of tighter monetary policy that I think the Fed is now practicing and moving toward.

And the other thing is doing the deficit reduction in a reliable, multiyear way. If you simply hit the economy with a substantial deficit reduction in 1989 or 1990, you could get significant contractionary effects on an old recovery.

If you can convince the financial markets that this is part of a reliable multiyear process, then we would see the interest rates coming down and offset the normal contractionary effects.

•

Q. Are existing policies adequate to deal with the international debt problem?

A. If you put it in black and white terms, I would say that we're on the right course. It is clearly an evolving process. Muddling through doesn't mean just doing the same thing every year.

AP

Martin S. Feldstein

It means continued minor modifications, special treatment for this or that country, but I think for the big debtors — Brazil, Argentina, Mexico — we are basically on the right course.

And the banks will continue to complain and threaten not to provide additional credit. But in the end they do provide that credit, and it's very important that they continue to do so.

Middle Class Needs Relief, Dukakis Adviser Says

Lawrence H. Summers, a Harvard University economics professor, is an economic adviser to Michael S. Dukakis, the Democratic presidential candidate. Mr. Summers served briefly on President Ronald Reagan's Council of Economic Advisers in the early 1980s. He talked to John Meehan of the International Herald Tribune.

Q. Some political observers have been suggesting that there are no economic issues in this campaign. Unemployment is low. The U.S. economy continues to expand at a modest pace. And inflation is under control. In your view, are there any economic issues?

A. I think the two critical economic issues are that American middle-class families are being squeezed and that American firms have lost a lot of their competitiveness in world markets

Q. How would you address these concerns?

A. As far as the middle-class family squeeze, Governor Dukakis has proposed specific policies to deal with the pressures, such as national health insurance, higher education loans and programs for affordable housing. . . .

And he has talked about programs to promote investment and enhance productivity so firms can become more competitive: investment in technology, investment in infrastructure through regional development, investment in peo-

AP

Lawrence H. Summers

ple — this is where higher education comes in, paying people to work rather than go on welfare, and support for the trade bill and the trade bill's requirements for retraining displaced workers.

Q. How would you pay for such investment programs?

A. Governor Dukakis believes government should act as a catalyst. Small amounts of government money could provide some leverage and attract funds from the private sector.

•

Q. The U.S. trade deficit remains a source of worry. Is there anything that a Dukakis administration would do differently in addressing the trade issue?

A. The fundamental problem is the budget deficit. First you have to get the deficit down. Then we need to give more priority to promoting exports. That means we need a government that stands up to foreign nations that exclude our products. . . .

Q. Would this more aggressive approach include the use of retaliation against trading partners?

A. If circumstances warrant, the president has to have the ability to retaliate. I don't believe the president will have to use this authority. Retaliation may never happen.

•

Q. Do you think the dollar is at an acceptable trading range?

A. We must make sure that we do not see the kind of spectacular gyrations that we have seen in the earlier part of this decade. And to that end, the recent rise of the dollar disturbs me.

Q. Would a Dukakis administration continue present economic and monetary policy within the Group of Seven framework or want greater freedom to follow its own course?

A. A Dukakis administration would extend the sphere of coordination to other issues like the debt crisis. We have to get our budget deficit down so that the G-7 can address a wider range of issues. Trade is another example of an issue that we can treat more extensively in G-7 meetings.

Q. You mentioned the budget deficit as the major reason for current trade disparities. What is your plan for narrowing the deficit?

A. You have to balance the budget by cutting spending. Governor Dukakis has described steps to do this, such as cutting spending on "Star Wars" deployment and Pentagon procurement. He also has been very successful in reducing welfare costs in Massachusetts. . . . We have to curb excessive or inappropriate government spending. You have to make tough choices.

•

Q. There is a body of opinion that says the budget deficit will never be cured without a tax increase. How do you feel about that?

A. I think Governor Dukakis is making the right decision when he says tax increases are a last resort. Claims that a tax increase is absolutely ruled out are not credible or responsible — not credible in light of what has happened in last few years and not responsible in terms of what could happen.

At the same time, Governor Dukakis had described certain spending cuts and proposed steps to substantially increase revenue yields. It may well be that we may get the budget deficit under control without considering new taxes.

Q. If a Dukakis administration feels that a tax increase is needed, what form would it take?

A. It would have to be progressive. Governor Dukakis has ruled out an across-the-board, value-added tax.

Q. Does this mean an adjustment in income-tax rates?

A. That's as much as I'm going to say.

Q. Are you concerned about the threat of a U.S. recession in the next year or two?

A. If we take the right policy steps, bringing down the budget deficit down, bringing down interest rates so we have an appropriately accommodative monetary policy, we don't have to have a recession. If we do not take those steps, the future is unclear.

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Q. What changes would you like to see in the U.S. approach to the world debt problem?

A. I would like to see the problem put in a broader framework than just the financial problems of banks. Senator Bill Bradley has pointed the way in that regard, recognizing economic interests and recognizing U.S. political interest. While levels of growth are stagnating, a rising tide of radicalization will sweep Latin America.

We have to combat debt overhang by using the leverage of the U.S. government and international organizations like the IMF and World Bank not just to make sure that banks are repaid but to promote active adjustment along realistic target paths.

Resolving the debt crisis has to be done multilaterally. Japan can and should make a substantial contribution both in terms of money and accepting more imports. I think it's very disappointing from that point of view that the current administration has resisted Japanese debt initiatives.

WORLD BRIEFS

Marcos Predicts Vindication in Trial

HONOLULU (UPI) — Ferdinand E. Marcos, the former president of the Philippines, has welcomed the federal racketeering indictment against him as a chance to disprove allegations that he stole millions of dollars from the treasury of his homeland.

It was the first statement by Mr. Marcos since he, his wife, Imelda, and five associates, including the Saudi financier Adnan M. Khashoggi, were charged in New York on Friday. The defendants were ordered to appear Oct. 31 before U.S. District Judge John Keenan in Manhattan. Mr. Marcos's attorney, Richard Hibey, said that the Marcoses would turn themselves in by the deadline but that the time and place still had to be decided. He indicated that the former leader would try to have the arraignment moved to Honolulu, where he is in exile, for health reasons.

"Paradoxical as it may seem," Mr. Marcos said Saturday, "Imelda and I welcome the opportunity to finally show the whole world that these allegations of dishonesty and criminal activity cannot be proven by our accusers. We are confident that we will be vindicated."

[Mr. Khashoggi, who was indicted on charges of racketeering, mail fraud and obstruction of justice in connection with his alleged efforts to help the Marcoses conceal ownership of millions of dollars in real estate and art works, denied to the International Herald Tribune on Sunday that he had knowingly violated U.S. law. He said in a statement that "a technical legal question" had been converted into a criminal allegation, and that he was confident he would be cleared as the proceedings progressed.]

Pupil Killed at Burmese Gathering

RANGOON, Burma (AP) — A high school pupil was killed Sunday after security personnel tried to arrest 40 persons for illegally gathering at a school building in Mayangon, a Rangoon suburb, the state radio said.

Thirty persons ran away when a scuffle broke out, the radio said. It did not say how the pupil was killed. Two students were arrested by the security personnel, the radio said, adding that papers on arms training and identification papers of the Democratic Student Commandos were seized from them.

Students led months of street demonstrations in Burma that ended with a military takeover led by General Saw Maung on Sept. 18. Public meetings of more than five persons have been banned since then. The government has put the death toll at more than 450 in the unrest.

Senate Fails to Act on Truce Funds

WASHINGTON (Reuters) — Congress has refused to authorize the Reagan administration to transfer up to $150 million to provide a U.S. contribution for possible United Nations peacekeeping operations.

The Senate failed to act on a bill passed by the House authorizing the transfer before Congress adjourned for the year on Saturday. The United States has been mediating in peace talks aimed at securing the withdrawal of Cuban troops from Angola and independence for South-West Africa, or Namibia.

The administration had asked for authority to redirect the money, appropriated earlier for other programs, to help pay for UN peacekeeping operations that might be agreed in respect to conflicts in Angola, Afghanistan, the Gulf, Cambodia and the Western Sahara.

9 Indian Soldiers Killed in Sri Lanka

COLOMBO (Reuters) — Nine Indian soldiers were killed Sunday in two incidents in the campaign against Tamil guerrillas in Sri Lanka, Indian officials said.

A spokesman for the Indian High Commission, the equivalent of its embassy here, said seven soldiers were killed when their vehicle ran over a landmine at Omanthai, in northern Vavuniya district. At Batticaloa in the east, two soldiers and a former Tamil rebel were killed in an ambush by Liberation Tigers of Tamil Eelam guerrillas, the spokesman said. Indian troops have been deployed in the north and east to implement an accord to end a Tamil separatist campaign.

A Tamil was killed and six persons were injured in clashes Sunday between Tamils and majority Sinhalese at Manampitiya, in the north-central Polonnaruwa district, police said. An official said a dispute over fishing in the area set off the fight.

Congress Drops Bid to Sanction Iraq

WASHINGTON (LAT) — Legislation containing sanctions against Iraq for its use of poison gas died in the final hours of the 100th Congress, victim of a Senate-House power struggle despite overwhelming approval for sanctions in both chambers.

Senator Claiborne Pell, a Rhode Island Democrat, said he would continue in the next Congress to seek tough penalties against Iraq for using poison gas against its Kurdish minority in late August. He said he would do so unless he was convinced that the Baghdad regime would never use poison gas again and halt its "cruel policies" against the Kurds. He protested that the Iraqi sanctions were dropped from a compromise tax bill even though he had been assured that they would be retained in the final version of the legislation. The Congress ended Saturday.

The Reagan administration has opposed any sanctions against Iraq on ground that they would interfere with diplomatic negotiations intended to ensure that the Arab nation forgos use of all chemical weapons.

Son's Diaries Say Khrushchev Refused to Resist Overthrow

By Felicity Barringer
New York Times Service

MOSCOW — Nikita S. Khrushchev, the burly, boisterous peasant-turned-politician who became Stalin's successor in the Kremlin, at first refused to believe a reliable warning of his colleagues' plot to overthrow him and, when forced to believe it, refused to fight.

That is the testimony of the deposed leader's son, Sergei N. Khrushchev, whose riveting diaries of his father's last days in power in 1964 — serialized in four parts ending last Saturday in the weekly magazine Ogonyok — have pulled back a curtain from a corner of modern Soviet history that is virtually unknown here and only scantily known in the West.

In a rare interview on Friday, Sergei Khrushchev, 58, said he hoped his diaries, an eyewitness account of those September and October days, would serve to rebut rumors about his father's fall.

The diaries have given Soviet readers not just inside details of the plot, but also a human portrait of the man who until recently was little more in the Soviet Union than a historical wraith, edited out of books and airbrushed out of photographs.

But why did Mr. Khrushchev, the pugnacious heir of Stalin, go peacefully into the oblivion of an invisible life?

According to his son, it was because the 70-year-old leader "understood it was time to go."

"Certainly the way it happened, the method, and the silence that then surrounded him — he resented these," the younger Khrushchev said.

"He was already looking for a man to replace him, given his age. When it became clear they wanted to replace him, he was certainly faced with a dilemma.

"Should he start a fight? The rules of such fights are that everyone who loses leaves the stage. So in his own terms, he had no chance of winning. If he won, the people he wanted to put in his place would have to leave. And if he couldn't win, why fight?"

The account makes it clear that Nikita Khrushchev considered his own bloodless removal a monument to the changes he had wrought in Soviet politics.

"I've done the main thing," the deposed leader is quoted as telling a fellow Politburo member, Anastas I. Mikoyan, the Soviet president.

"Relations between us and the style of leadership have changed radically. Could anyone even dream of telling Stalin that he doesn't suit us and suggesting that he resign? There wouldn't be anything left of us."

Sergei Khrushchev's diaries describe how the first warning of the plot came in a late night phone call to Mr. Khrushchev's villa in the hills overlooking the Moscow River.

It was from a bodyguard of a former member of the ruling Politburo — Nikolai Ignatev, deposed by Mr. Khrushchev three years earlier.

The bodyguard, Vasili Golyukov, told Sergei Khrushchev that Mr. Ignatev, two Politburo members, Leonid I. Brezhnev and Nikolai V. Podgorny, the KGB chief, Vladimir E. Semichastny, and the Communist Party secretary, Alexander N. Shelepin, were planning to depose Mr. Khrushchev.

But when Sergei told the Soviet leader of the warning, Nikita Khrushchev dismissed it as implausible.

Thereafter, according to Sergei Khrushchev's account, the man who had been schooled in the uses of power during the rule of Stalin made only one effort to check the rumor — he had Sergei and Mr. Golyukov tell the story to his friend, Mr. Mikoyan, the Soviet president.

Mr. Khrushchev then went off to his dacha on the Black Sea.

Mr. Mikoyan later flew down to a neighboring dacha at the government complex in Pitsunda.

He and both Khrushchevs were preparing for a walk when the phone call came from the Kremlin ideologist, Mikhail A. Suslov, summoning Nikita Khrushchev back to Moscow for an emergency Politburo session — allegedly to discuss agriculture.

The Politburo meeting on Oct. 13 was simply a stage-setting, with Mr. Suslov playing the leading role and reading out a bill of particulars charging Mr. Khrushchev with tactlessness and contemptuous treatment of his colleagues, nepotism and mismanagement of agriculture.

Mr. Khrushchev, in his son's account, was by turns contentious and conciliatory, asking his colleagues why they had not made the criticisms earlier, but also apologizing for his notorious rudeness.

After a second meeting on Oct. 14, his father returned home from lunch, threw his briefcase into Sergei's hands and said: "That's it. I'm retired."

In the interview on Friday, the younger Khrushchev said that in the days after the decision, his father seemed in a state of shock.

"Then he went back to normal life," he said.

The days before the Politburo meeting and the meeting itself were rarely if ever mentioned.

"He just discarded this period, in terms of his communication with others — you can't just wipe it out of your memory," his son said.

Sergei Khrushchev recalled his father saying: "Personally, strange as it seems, my life got easier. I didn't need to wonder, every time someone agreed with *me*, *if* they were doing it because I was right or because I was Khrushchev."

Nikita Khrushchev spent his time writing, puttering in his garden, taking pictures and dictating.

Soviet Shake-Up Means Western-Style Elections

By David Remnick
Washington Post Service

MOSCOW — Proposed changes in the Soviet Constitution published in the official press Sunday promise to make this spring a season of chaotic, Western-style elections.

For two days official newspapers such as Pravda and Izvestia have been almost completely taken up with the Communist Party's proposals to shift more administrative power to a new legislature and generally reorganize the national political system. Sunday editions carried drafts for new election laws that, if carried out, would transform political life in the Soviet Union.

The voting changes, which will almost surely be approved next month by the Supreme Soviet, call for democratic elections in April for a new and more powerful legislature, the Congress of People's Deputies. The law guarantees "the right to free and complete discussion of the political, professional and personal qualities of candidates and the right to campaign for and against them."

The only limit on candidates and their platforms is that they do not stand in opposition to the Soviet Constitution. The laws reserve the right for religious leaders to run for the legislature.

Two-thirds of the legislature's 2,250 deputies will be selected in multicandidate, secret-ballot elections, according to the draft law. In multicandidate elections in which no one wins a majority, the top two vote getters will take part in a runoff election two weeks later. In elections in which there is only one candidate, voters can vote to refuse the candidate.

The remaining 750 deputies will not be elected by the general populations but rather by particular organizations, including local party organizations, cooperatives, trade unions, veterans and the Komsomol, the Communist youth league.

The voting age is 18, and the minimum age for candidates for the legislature will be dropped from 23 to 21.

The draft law protects the right of the press to cover debates and campaign meetings and to print the final results. In Moscow, various groups have already begun making plans to put up candidates and organize public debates.

The Congress of People's Deputies will elect a president and a smaller, full-time legislature, the Supreme Soviet.

The draft election laws, which took up nearly three full pages in Sunday's Pravda, are already the source of discussion on numerous television talk shows, and the central concern, as with all of President Mikhail S. Gorbachev's efforts at restructuring, is how words will translate into deeds.

Beirut Hostages: An Italian Connection?

By Clyde Haberman
New York Times Service

ROME — Police officials said Sunday that they were investigating a suspected arms dealer who had links to Italian and Swiss intelligence agencies to determine his role in possible efforts to free American hostages in Lebanon.

The police said that the man, Aldo Anghessa, was the intended recipient of photographs and documents involving at least two of the hostages that a Lebanese woman was furtively carrying when she was arrested Thursday as she arrived at the Milan airport from Beirut.

Although the precise connection between the two was not clear, the authorities in Milan said they were examining the possibility that Mr. Anghessa had been expecting to serve as an intermediary in negotiations to free the Americans. The woman, identified as Aline Ibrahim Rizkallah, was under investigation as a possible courier sent by the abductors to establish contact with Mr. Anghessa.

But a Milanese police official cautioned in a telephone interview that investigators had drawn no firm conclusions about the case. They are not even sure if the documents are genuine, they said.

Ms. Rizkallah, 36, was stopped at Milan's Linate Airport by customs inspectors, who generally subject all arriving Lebanese passengers to thorough examinations.

First, they said, they discovered $1,000 in counterfeit United States currency. Inspecting her more thoroughly, they found 50 grams of heroin and then, inside a false bottom of her handbag, three photographs and three letters, they said.

Two photographs were said to have been of Alann Steen, a journalism professor at Beirut University College, and Terry A. Anderson, a correspondent for The Associated Press. The third photograph is still being studied, the senior police official said. At one point the Milanese authorities said that it was of a third hostage, Thomas Sutherland, a dean at the American University in Beirut, but they later withdrew the identification.

One of the letters that Ms. Rizkallah was carrying was said to have been written by Mr. Steen. The other two were described Sunday as having been written in coded Italian.

According to the authorities in Milan, the Lebanese woman was to have turned over all these materials to Mr. Anghessa, who was also questioned in the case but was sent home Saturday, reportedly for lack of evidence against him.

Mr. Anghessa, 44, has both Italian and Swiss citizenship. Italian press accounts described him variously as part businessman, part arms trafficker and part James Bond.

He was arrested in September 1987 after the Italian police accused 32 people of having sold weapons illegally to Iran and Iraq. The arrests came after the authorities had impounded a Lebanese-registered ship at the Italian port of Bari because arms and drugs had been discovered on board.

On the day that the ship was seized, investigators found in a Bari hotel room a suitcase crammed with papers that were described as implicating several Italian companies in illegal arms deals. That suitcase turned out to be Mr. Anghessa's.

But after several days of questioning he was released. Soon after, his connections to Swiss and Italian intelligence agencies were disclosed, as were details of arms transactions that he had tried to arrange.

■ Demands by Kidnappers

Kidnappers holding at least two U.S. hostages in Lebanon announced five demands for their release Sunday, The Associated Press reported from Beirut. The captors threatened to make the United States pay a price that "would reflect adversely" on the captives' fate if the demands were not met.

The threat came in a statement in Arabic signed by Islamic Jihad, which holds Mr. Anderson and Mr. Sutherland. The statement listed these demands:

"A — Release of all our *mujahidin* from all Arab and foreign jails.

"B — Release of all Lebanese and Palestinian mujahidin from Israeli jails in the occupied lands and its surrogates in south Lebanon's border enclave and East Beirut.

"C — Withdrawal of all Israeli forces and their surrogates from southern Lebanon without any conditions.

"D — Nonintervention in Lebanese domestic affairs and the discontinuation of support for partitionist, isolationist and sectarian forces in Lebanon.

"E — Reconstruction of southern Lebanon and Beirut . . . and payment of war reparations to all our oppressed people in Lebanon."

TRAVEL UPDATE

Private bus and trucking companies resumed service in Lima and the Peruvian provinces after owners ended a six-day shutdown that had caused delays for hundreds of thousands of travelers. An owners' federation warned Saturday that service would be suspended again in 15 days if a dispute over fares was not resolved. *(UPI)*

Commuters in the Paris region faced more disruption after two unions filed strike notices Sunday for the coming week on suburban lines and the Paris Métro. Transit officials said they expected disruptions on Monday to be serious on some lines of suburban RER trains. *(AFP)*

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Bangladesh, Brunei, Cyprus, Egypt, Ethiopia, Guyana, Haiti, Indonesia, New Zealand, North Yemen, Pakistan, Senegal, South Yemen, Sri Lanka, Swaziland, Thailand, Zambia.

TUESDAY: Burma, Egypt, Grenada, Taiwan.

WEDNESDAY: Austria, Benin, Fiji, Ireland, Macao, Rwanda.

THURSDAY: Zaire.

FRIDAY: Cyprus, Greece, Turkey.

SATURDAY: Cyprus, Turkey.

Source: Morgan Guaranty Trust Co., Reuters.

Congress Adopts a Drug Bill And Leaves Legacy of Deficit

By Helen Dewar and Tom Kenworthy

Washington Post Service

WASHINGTON — The 100th Congress has adjourned after adding a $2.8 billion campaign-season bill to combat illegal drugs to a wide-ranging list of accomplishments that nonetheless failed to address some of the country's most serious problems.

Adjournment came early Saturday, only moments after weary members of the Senate adopted the drug measure on a voice vote.

The measure authorizes new education, treatment and rehabilitation efforts while providing tough new penalties for drug users and traffickers. It had previously been adopted by the House of Representatives on a 346-to-11 vote.

A bill to correct errors in the Tax Reform Act of 1986 was approved by both houses of Congress earlier in the evening. President Ronald Reagan is expected to sign both it and the anti-drug measure.

Other last-minute enactments included legislation to impose stiffer penalties for using inside information in trading securities, and resolutions proclaiming National Asparagus Week, National Jukebox Week and Uncle Sam Day.

The drug and tax bills were the result of intensive bipartisan bargaining that marked the 100th Congress despite the frictions of the U.S. presidential campaign and congressional contests, as well as the bitter partisanship of early fights over the Iran-contra affair and the nomination of Judge Robert H. Bork to the Supreme Court.

Defying conventional wisdom about the paralysis of divided government, the Democratic majority in Congress increasingly assumed the reins of power from Mr. Reagan as he neared the end of his second term.

With Democrats working more often than not with the Republican congressional minority on key issues, Congress compiled a solid bipartisan record of achievement in areas such as trade, health, welfare and civil rights.

But, in an unspoken alliance of convenience with the outgoing Republican president, it left behind a daunting stack of unfinished business, topped off by budget deficits hovering around $150 billion, that will hinder the next president and next Congress almost from the start.

"There's no question but that big problems are up ahead on the deficit," said Senator Robert C. Byrd of West Virginia, the Senate Democratic leader, in an otherwise glowing assessment of the 100th Congress. Mr. Byrd described it as the most productive since the administration of President Lyndon B. Johnson in the mid-1960s.

Representative Bill Frenzel, Republican of Minnesota, was more critical. "What we've done," he said, "is shuffle a decade of sins and heaped them on the new president and new Congress."

With Democrats taking control of the Senate after the 1986 elections, putting both houses in Democratic hands for the first time during the Reagan administration, Congress moved beyond its cautious independence of earlier years.

Sometimes overriding Mr. Reagan's vetoes, more often compromising to win his grudging acquiescence, Congress reverted, although cautiously, to the spirit of governmental activism that prevailed in the 1960s and early 1970s.

It put the brakes on Mr. Reagan's big military buildup of the early 1980s, accelerated the rebuilding of social-welfare programs that had been cut in the first Reagan years and embarked on some significant domestic initiatives for the first time in this decade.

But Mr. Reagan remained a powerful constraint, and, aside from highway, clean water and civil rights legislation that were enacted over his veto, little was achieved without his eventual assent.

In contrast to other recent sessions that were marked by a single overriding accomplishment, such as the overhaul of tax law in 1986 or Social Security refinancing in 1983, the hallmark of the 100th Congress was the breadth rather than depth of its legislative record.

As lawmakers left town Saturday, they could look back on legislation to protect the elderly against costs of catastrophic illnesses, overhaul the welfare system, expand civil rights protections, fight drug abuse and combat unfair trade practices by foreign countries.

While defying Mr. Reagan in ending military aid to the Nicaraguan rebels, the Congress joined with him in hailing the bipartisan Senate vote to approve the Intermediate-Range Nuclear Forces Treaty with the Soviet Union.

But other health-care needs remain, along with housing problems that multiply with each passing year. And few claim that the war on drugs, welfare dependency or unfair trade practices has been won.

Congress also was unable to come to grips with some of its own most pressing problems, including curbs on the soaring, potentially corrupting costs of congressional campaigns.

Most of its failures, including an inability to adopt programs on child care and parental leave for workers, reflected the lack of the strong bipartisan consensus that underpinned most of the legislation that was adopted. Many of these issues are expected to return with renewed force when the 101st Congress convenes in January.

Marcy Nighswander/The Associated Press

The Senate Democratic leader, Robert C. Byrd of West Virginia, showing off his tie during a lull in deliberations that led to adjournment. With him is the speaker of the House, Jim Wright of Texas.

Ortega Calls Storm Worst in Nicaragua

Reuters

MANAGUA — President Daniel Ortega Saavedra said Sunday that the hurricane that swept across Nicaragua over the weekend killed at least 50 people and forced 300,000 out of their homes. He called the storm the most destructive natural disaster ever to hit Nicaragua.

"We have confirmed 50 dead," Mr. Ortega said as he toured low-lying slums of Managua on Saturday night. The hurricane killed at least 30 people in other parts of the Caribbean earlier in the week.

Mr. Ortega said that between 50 and 60 people may have died and that several towns were destroyed after the hurricane, designated Joan, hit the east coast on Saturday with winds of 135 mph (215 kph). He said rescue workers were looking for 140 people reported missing in the eastern town of Rama during the height of the storm on Saturday.

"The economic damage is huge, bigger than from any other natural disaster in our history," Mr. Ortega said. He declined to estimate the cost of the destruction but said it exceeded damage from an earthquake that devastated Managua in 1972, killing 10,000 people.

Several towns along Nicaragua's Caribbean coast were destroyed, including the port of Bluefields and communities on Corn Islands about 40 miles offshore. In Bluefields, a town of about 25,000 people, 95 percent of the buildings were destroyed by the storm.

The hurricane plowed out into the Pacific early Sunday after cutting a swathe across the country from the Caribbean. It had weakened over the land, and by the time it reached the Pacific it was downgraded to a tropical storm.

Damage from the hurricane in Managua and western Nicaragua was less severe, but crops were severely damaged.

Mr. Ortega said that at least 300,000 people, almost a tenth of the population, were directly affected by the storm, and were either left homeless or forced to evacuate.

"In Managua, the damage was less than expected," he said, adding that 55,000 people in the capital had been temporarily evacuated.

Most of those killed lived along the Caribbean coast, Mr. Ortega said. He said nine were killed in Bluefields and 55 injured while three died on Corn Islands and 15 were injured. He did not say where the other deaths were said to have occurred.

■ Managua on Combat Alert

Julia Preston of the Washington Post reported earlier from Managua:

Placing national forces on a "maximum combat alert" to deal with the hurricane, President Ortega activated for the first time the national emergency defense system designed for use only in the event of a U.S. military invasion or a natural disaster.

At times Mr. Ortega seemed to be associating the storm with his political enemies, devoting 20 minutes of an 80-minute radio broadcast Saturday to an attack against government opponents.

As soldiers and Sandinista militants were mobilized nationwide, Mr. Ortega himself operated a radio command center at the presidential house in Managua.

■ Asian Storm Kills 31

At least 31 people were killed in a cyclone that swept across the Bay of Bengal last week, capsizing at least 25 fishing trawlers, according to officials and newspaper reports on Saturday, United Press International reported from Dhaka, Bangladesh.

The cyclone swept across the Bay of Bengal on Wednesday and the newspapers said that about 300 fishermen were rescued by the Bangladesh Navy and other fishing boats but that 1,200 fishermen whose boats never returned to shore were still unaccounted for.

Democrats Accuse Bush of Making Racist Appeal

The Associated Press

WASHINGTON — Senator Lloyd Bentsen and the Reverend Jesse L. Jackson accused Vice President George Bush on Sunday of injecting racism into the presidential campaign by hounding Michael S. Dukakis over the Massachusetts prison furlough issue.

A Bush spokesman said the charge was "absolutely ridiculous and stems from desperation politics."

Mr. Dukakis attended a breakfast in Boston with Mr. Jackson and eight other black political leaders, who pledged to support the Massachusetts governor's campaign in the two weeks before the Nov. 8 election.

The tenor and substance of the Republican ticket's campaign advertising on television dominated the political dialogue Sunday.

Mr. Bentsen, the Democratic vice presidential candidate, told a television interviewer he thought the Bush campaign was making a racist appeal by focusing on William Horton Jr., a black convicted of murder and rape who escaped in 1986 while on prison furlough in Massachusetts. In 1987, he stabbed a white Maryland man and twice raped his fiancée. Mr. Horton is now in prison in Maryland.

Asked if use of the Horton case constituted "an element of Republican racist appeal," Mr. Bentsen replied: "When you add it up, I think there is, and that's unfortunate, and I just don't want to see this election won on that kind of packaging and that kind of distortion."

In Boston, Mr. Jackson avoided the word "racist" but said the Horton case was one of several "rather ugly race-conscious signals" sent out by the Bush campaign.

The Bush campaign spokesman, Mark Goodin, said that the Republican campaign's television commercials focused not on Mr. Horton but on "how he got out of prison." He said correctly that Massachusetts had granted furloughs to convicted first-degree murderers serving life without the possibility of parole. That policy was rescinded last spring.

■ Dukakis Toughens Ads

Michael Oreskes of the New York Times reported earlier from New York:

After taking weeks of pounding from negative advertising by the Bush campaign, Mr. Dukakis finally is fighting back in commercials of his own that accuse the vice president of "dragging the truth into the gutter."

One new ad, with the headline "George Bush's False Advertising," says the vice president, while attacking a Massachusetts furlough program that allowed a rapist to go free and rape again, "won't talk about the thousands of drug kingpins furloughed from federal prisons while he led the war on drugs."

"One of his furloughed heroin dealers," the ad continues, "raped and murdered Patsy Pedrin, pregnant mother of two."

A second Dukakis commercial opens with a television set playing the Bush campaign commercial in which the Massachusetts governor rides around in a tank as an announcer says that Mr. Dukakis has been against virtually every new weapons system but now wants to be commander in chief.

Mr. Dukakis turns off the set, turns to the viewers and says, "I'm fed up with it. I haven't seen anything like it in 25 years of public life. George Bush's negative TV ads: distorting my record, full of lies, and he knows it."

Many Democrats, even within the Dukakis organization, have been critical of the campaign for being slow to respond to previous Bush ads that painted Mr. Dukakis as soft on crime and weak on the environment.

■ Bush Disavows Some Ads

Maureen Dowd of The New York Times reported from Washington:

In a rare admission that the Republican campaign may be aiming some of its punches below the belt, Mr. Bush has disapproved an anti-Dukakis leaflet distributed by the Illinois Republican State Central Committee.

The leaflet is headlined: "All the murderers and rapists and drug pushers and child molesters in Massachusetts vote for Michael Dukakis. We in Illinois can vote against him."

In response to a question about the leaflet, Mr. Bush said, "I disapprove of that." But, he added, the Democrats had been unfair to him as well.

"I don't back some of the stuff they're saying about me, in one instance in another state out there, that is just as bad," he said.

BUSH: *Talk About a Landslide*

(Continued from page 1)

have a District of Columbia strategy."

But it is a mark of how uncertain political professionals are about the electorate's thinking in 1988 that both sides say they are uneasy about the talk of a Bush landslide.

Lee Atwater, Mr. Bush's campaign manager, has worried a great deal publicly about the dangers he says await a candidate who seems to get too far out in front too early.

"Underdog candidacies are an honored tradition in this country," Mr. Atwater said. "You don't want to be Goliath in these situations, because David always seems to come out pretty well."

The Bush campaign, Mr. Atwater insists, will make no changes in response to the new polls. But Mr. Bush himself — anxious to avoid any mistakes that might undo his advantage — was taking it easy, resting Sunday instead of campaigning.

Many in the Dukakis campaign agree with Mr. Atwater's pro-underdog view. Their hopes mirror Republican worries. If Mr. Bush is widely perceived as a likely landslide victor, the reasoning goes, many lukewarm Bush supporters may not bother to vote, and a few might vote for Mr. Dukakis to prevent a Republican landslide.

Mr. Dukakis himself seems to be running a much stronger campaign now that he is well behind, and his advertising is finally as tough as his adversary's. Mr. Dukakis also seems to be using his current status to identify himself with society's underdogs. "I'm on your side" is the basic Dukakis message for the rest of the campaign.

"It's a tough fight, I know that," Mr. Dukakis says, "uphill all the way. But I'm going to keep on fighting, because what I'm fighting for is our future."

The Democrats' hope is that by running from behind, Mr. Dukakis will endow himself with a heroic image that has eluded him for much of the campaign.

Still, Leslie Dach, Mr. Dukakis's communications director, worries that all the focus on the vice president's advantage will get in the way of what Mr. Dukakis is trying to say in the final days and may detract from his credibility.

"Whatever you say is put into the context of your political situation," Mr. Dach said, "so voters tend to discount what you say as just politics. It's always reported as 'X is happening to him, so he does Y.'"

Mr. Dach fears that if "the political story" dominates the rest of the campaign, Mr. Dukakis will get drowned out. "If it's about the future," he says more hopefully, "then we win."

Other Democrats worry that reports of a big Bush lead will dispirit Democratic campaign workers and keep Democrats, not Republicans, from going to the polls.

Last 2 Trapped Whales Balk at Escape Passage

The Associated Press

BARROW, Alaska — Two remaining young whales trapped by ice balked Sunday at following a narrow escape route to open water that was being carved with chain saws by Eskimos.

The smallest and youngest of the original three California gray whales, called Bone by marine biologists, disappeared Friday night and was presumed dead. The whales were stranded by moving ice about two weeks ago before they could migrate south.

A National Guard helicopter hammered at the ice with a five-ton chunk of concrete, but the whales were more than three miles (five kilometers) from open water, with a massive ice ridge in between and a wind shift threatening to push ice around them and trap them further. Eskimos have hacked 60 breathing holes extending more than 1.5 miles.

Rescuers said that even if everything went as planned, it would be at least Wednesday night before they could get the whales as far as the ridge. They said they feared that the whales had balked because of an underwater shoal. A biologist said the depth of the water between the ice and the shoal is only 12 or 13 feet.

Israel Fails In Effort for Soviet Jews

By John M. Goshko

Washington Post Service

WASHINGTON — Israel has failed in its effort to force thousands of Jews who are emigrating from the Soviet Union to resettle in Israel rather than the United States by requiring them to travel through Romania, according to U.S. officials and American Jewish sources.

The sources said the effort has foundered for now because of the reluctance of the Netherlands, whose embassy in Moscow distributes Israeli visas to Soviet Jews, to take part in a plan that effectively requires recipients to go to Israel or remain in the Soviet Union.

Because of Dutch reticence, they said, the Soviet and Romanian governments have withheld their cooperation with the Israeli plan.

The Reagan administration regards the Israeli effort as violating freedom of choice in emigration.

Thousands of Soviet Jews want to emigrate, and Israel wants to receive as many as possible to bolster its Jewish population.

About 250,000 Soviet Jews left in the 1970s, most of them for Israel. Jewish emigration reached a peak of 51,000 in 1979, after which Soviet authorities cut it sharply.

Under Mikhail S. Gorbachev, the Soviet leader, emigration has risen again. This year, 9,687 Jews had left through August.

In June, the Israeli cabinet adopted an immigration policy that would require Soviet Jews receiving Israeli visas to go first to Bucharest instead of Vienna, where many change their itinerary. Romania, the only East bloc country to have good relations with Israel, would not have permitted Soviet Jewish émigrés to bypass Israel.

EC: *Non-Europeans Fear 1992 Means Protectionism*

(Continued from page 1)

ternational dumping rules much further than warranted.

• Recent proposals to allow more competitive bidding in government procurement have caused American and Japanese companies to worry that they will be shut out of the competition.

Some non-European competitors find that the only way they can win contracts in certain nations is to build a plant or buy a company there.

• The European Community appears to be on a collision course with the United States over the EC's refusal to import American meat that contains growth hormones.

The Europeans say this is a health issue, but Washington contends that the stance is protectionist and violates a European agreement to buy American meat. The United States has threatened to retaliate against European goods on Jan. 1.

The 320 million people in the European Community are the industrialized world's largest bloc of consumers. A surge of protectionism in that huge market could not only seriously hurt U.S. and Japanese companies, but also distort world trade.

What is more, as the exchanges between European officials and their American and Japanese counterparts grow increasingly heated, so does the talk about trade retaliation.

European officials vigorously deny that they are scheming to insulate their industries.

Indeed, they angrily insist that their countries are no more protectionist than the United States or Japan — and that 1992 will not make them more so.

"Why should the European Community — which is the No. 1 trading power in the world, which represents more than 20 percent of all trade flows in the world — why should such an entity turn protectionist?" Willy De Clercq, the EC commissioner for external relations, asked in an interview.

"When you're the biggest exporter in the world, you don't turn protectionist," he said. "That would be shooting yourself in the foot."

The European Community exported almost $400 billion in goods last year, which is 60 percent more than what the United States exported and nearly double the exports of Japan.

The level of imports to the EC is also huge, totaling almost $400 billion. That is roughly equal to the volume of U.S. imports and more than three times the volume of Japanese imports.

One goal of integration in 1992 is to expand Europe's exports by reducing the costs of European companies. That is a goal that increased protectionism could undermine.

Nonetheless, American and Japanese officials and executives say some European companies are pushing — with varying degrees of openness — for protectionist measures.

The companies, they contend, have been shielded for decades and are worried that aggressive, giant U.S. and Japanese concerns will grab a larger share of the European market after Europe's internal barriers are lifted.

Many Europeans are already worried about how swiftly American giants such as Citibank, American Telephone & Telegraph Co. and Dow Chemical Co. have moved to increase their presence in Europe.

"There is a real risk that Europe will turn into a protectionist entity as 1992 comes more and more into being, regardless of the stated aims," said Alfred H. Kingon, the U.S. ambassador to the European Community.

ISRAEL: *Candidates Clash*

(Continued from Page 1)

mir. He more than held his own with Mr. Peres."

But the prime minister, who had stalled in accepting Mr. Peres's debate invitation for nearly a month, said at a news conference later he would not debate again because of lack of time.

Mr. Peres took the offensive first in the debate, contending that the occupied West Bank and Gaza Strip were a burden and danger to Israel's security and to its future as a predominately Jewish state.

"Who loves Gaza except for the Likud?" he asked. "Do you know anybody? Is it an advantage or a yoke around our necks? If I take a yoke off my neck, am I giving up something?"

Mr. Shamir responded that Mr. Peres' conference plan would mark "the beginning of selling out Israel."

The prime minister also criticized Mr. Peres for recruiting King Hussein of Jordan to appear on the "Nightline" program of the ABC television network last week. During the program, the king gave a tepid endorsement to Mr. Peres's peace plan but branded as "absolute disaster" the prospect of a Shamir electoral victory.

AMERICAN TOPICS

Why It Costs So Much To Go to Bennington

At $18,990 a year for tuition, room, board and fees, Bennington College, in Vermont, is the most expensive school in the United States. Yet Bennington has no electron microscope, no computer center and no gymnasium. Student housing is hardly luxurious, the library has a modest 100,000 volumes and the average teacher earns about $30,000, or 20 percent less than the salary at similar colleges.

One reason for the high price, The New York Times reports, is that Bennington's endowment is only $3.5 million, because of a previous policy of eschewing donations to maintain its academic freedom. Another is that it gives 51 percent of its students scholarships, which average $9,300 a year.

Furthermore, Bennington has one teacher for every nine students. Some courses have only one student. The college encourages students to design their own courses. It helps underwrite student projects, like the plans that Ada Vlachoutsikou, 23, an ecology major, has for going to Greece to save seals that are being killed by fishermen.

Short Takes

Hotel chains like Hyatt and Westin, using props and spray-blown cement, are converting rooms into Eskimo igloos, desert tents, North Woods cabins, beach cabanas, Venetian gondolas, Cinderella coaches and even space capsules on lunar landscapes. Though rates are higher than normal to cover the decorating expense, business is reported excellent.

A retired airline pilot who sped down the San Diego Freeway at 80 mph (130 kph) last year with his estranged wife clinging to the hood of his car has been sentenced to six years in prison, the maximum penalty. In a custody battle, Russell A. Jobst, 44, drove off with their 19-month-old son while his wife, Madonna Kennedy-Jobst, hung onto the car.

The most popular names for the 230,810 dogs registered with the Los Angeles Department of Animal Regulation are Lady, the choice of 2,794 owners, followed by Max at 2,107, Brandy 1,983, Duke 1,709, Rocky 1,639, Princess 1,599, Ginger 1,590, and Pepper 1,454. Traditional names are far down the list: 59 Fidos and 35 Bowsers.

Arthur Higbee

OPINION

International Herald Tribune
Published With The New York Times and The Washington Post

Gorbachev Unanswered

Which American presidential candidate offers more promise in foreign relations? On the most important relationship, this campaign remains, for both candidates, a campaign of missed opportunity. Mikhail Gorbachev challenges America to reshape world politics, and neither George Bush nor Michael Dukakis answers with ideas of interest and weight. Without a clearsighted American strategy, Moscow will set the diplomatic agenda, and a great opportunity for peace and cooperation could be lost.

The Soviet leader proposes reducing long-range nuclear weapons sharply. He proposes cutting conventional forces. He calls for elimination of chemical weapons. The two would-be presidents usually respond with little more than mutterings that they are eager for, yet wary of, arms control. Neither man gives any sign that he has thought about how the United States should respond, about the relative importance of the various arms negotiations and about how agreements might affect Pentagon budgets. Nor has either candidate distinguished himself in explaining how he would bargain with Moscow.

Governor Dukakis resurrects self-defeating, unworkable nonsense about the need to tie trade to Soviet "good behavior." He talks as if prospective U.S. military deployments counted for little in Soviet arms control decisions, as if Moscow's agreement to destroy its Euromissiles were only a matter of economy. The vice president, meanwhile, is no more plausible when he attributes Moscow's generosity at the nuclear bargaining tables almost entirely to the threat of American weapons deployments.

It doesn't take much sense to know that Moscow is driven by both, no less by Mr. Gorbachev's aims and problems than by American might. But not until last week did Mr. Bush fully credit both considerations; and Mr. Dukakis hasn't done so yet. The Democrat still talks about scrapping the two new land-based missiles, MX and Midgetman, and hints vaguely at an alternative. There is nothing here to show that he appreciates the value of a bargaining chip.

Mr. Gorbachev has opened the path to settlements in Afghanistan, southern Africa and elsewhere. Here again, Governor Dukakis seems hesitant to acknowledge that U.S. military aid helped bring Moscow around. By contrast, Vice President Bush has a record of understanding the role of power in diplomacy. It would be more heartening if he showed any awareness of the need for serious diplomacy in Central America.

The vice president also seems unable to fathom the potential in Mr. Gorbachev's proposals to expand the use of the United Nations in regional negotiations and peacekeeping. Mr. Bush busily throws raw meat to right-wingers by pledging never to sacrifice an ounce of U.S. sovereignty to any international body. How perverse, even tragic, that at the very moment when the United Nations shows promises of fulfilling its charter, Mr. Bush looks the other way.

There is no alternative to UN forces to keep the peace in Cyprus, the Middle East, South-West Africa and elsewhere. Mr. Dukakis knows that and promises to explore new Soviet ideas for the United Nations and multilateral diplomacy. Whatever the state of bipolar power politics, global issues are coming to center stage. Drug trafficking, ocean pollution, holes in the ozone layer, acid rain and trade wars present monumental challenges to all countries. Mr. Dukakis, at least, has these challenges on his radar screen and seems to possess the intellectual discipline to pursue them.

Who would respond better to all the diplomatic challenges of coming years? Mr. Bush seems more alert to the nasty world of power and intractable conflicts than his opponent. Mr. Dukakis demonstrates more awareness than Mr. Bush of the need for new forms of diplomatic cooperation.

When it comes to the central challenge of relations with the Soviet Union, neither man approaches Mr. Gorbachev's command of foreign affairs, imaginative proposals and grasp of the possibilities for reshaping and rechanneling world competition.

If the judgment is limited to foreign relations, it is hard to choose between the candidates. For those who think that the future will follow the familiar path of the present, the choice is Mr. Bush. For those who think that the future can hold unexpected promise, the choice is Mr. Dukakis.

— THE NEW YORK TIMES.

U.S. Justice for Marcos

It is hard to figure out what is the worst aspect of the offenses of which Ferdinand Marcos, the ousted former president of the Philippines, his wife Imelda, Saudi businessman Adnan Khashoggi and seven others now stand accused. Some would say it is the shameless looting of the monies and properties of a country they had treated as a private preserve. Others would observe that the racketeering alleged in a New York grand jury indictment was committed after President Reagan personally gave asylum to the Marcos family in 1986. In any event, the Marcoses will have their day in court, and the victims (including the Philippine government) of any crimes they are found to have committed will have an opportunity to reclaim at least some part of the Marcos entourage's ill-gotten gains.

It is a bit tricky to accuse foreigners of crimes, especially foreign leaders. The drug indictment of President Manuel Noriega of Panama, for instance, probably made it harder for the United States and others to induce him to do his part in resolving the political crisis in his country by stepping down. Ferdinand Marcos is in exile, but the United States still had to be careful. It had to — and it insists it did — respect whatever assurances it had offered to induce him to leave the Philippines. It had reason to test — and it did, without success — whether forfeiture of the assets in question could be obtained short of indictment.

There was also the consideration of whether indicting Mr. Marcos would undercut any possible effort to induce the next used-up dictator to abandon ship. Here the question was answered by the baldness and scope of the offenses alleged. The operative precedent set is that asylum is not a fleeing dictator's invitation to crime.

Even before the indictments, the Marcoses had become a metaphor for irresponsible greed and the eradication of the line that ought to exist between public office and personal gain. Some accounts suggest that they took out literally billions. The people of the Philippines, who lost the chance to bring the Marcoses to account when they left the country two years ago, should be pleased to see them in an American courtroom. The indictments serve the requirements of American law, but they also serve the requirements of fidelity to a longtime friend, the Philippine nation. Mr. Reagan, it seems, was not without some personal sentiment for a man who had once worked with the United States, but he made the right decision that justice should be done.

— THE WASHINGTON POST.

Indicting a deposed head of state granted asylum in the United States may seem a poor way to treat a guest, but according to a federal grand jury in New York, Ferdinand and Imelda Marcos have treated their hosts shabbily, operating a racketeering enterprise out of their safe haven from the Philippine revolution. If they are convicted, Americans may share the anger of the Philippine government, which still seeks an accounting for alleged looting by the Marcos regime.

Even in dealing with the shadiest national leader, prudence might argue against prosecution: Despots ought to be encouraged to leave power without bloodshed. But the indictment drawn by U.S. Attorney Rudolph Giuliani charges that the Marcoses committed crimes, including schemes to conceal assets stolen in the Philippines, during the two years since they took refuge in Hawaii.

Those charges include injuries to distinctly American interests. The Marcoses are said to have defrauded U.S. courts by backdating documents to evade court orders freezing their assets, and to have concealed ownership of valuable Manhattan real estate when obtaining bank financing.

According to their lawyer, Mr. and Mrs. Marcos are "deeply disappointed at President Reagan's failure to prevent this treatment of a longstanding ally." But Mr. Reagan said just the other day that he "couldn't have made a blanket statement" of immunity to the Marcoses. He and Vice President George Bush, who toasted Mr. Marcos in 1981 as a great friend of freedom, have their own cause for distress at their former ally's behavior. Whatever the verdict, the Marcoses now know what they should have understood: America's helping hand was not an offer of refuge from American law.

— THE NEW YORK TIMES.

Other Comment

Let's Have the Merry Hour

We have always supported the idea of synchronizing watches with Europe. Summer time in winter and double summer time the rest of the year does not just make telephoning Frankfurt easier; it also means you can have a nicer day. Sacrificing some visibility at the beginning of the day in return for longer, lighter evenings sounds a pretty good deal. You would think that no one, save those who need the cloak of darkness to have a good time, could possibly object to this small contribution to the nation's merriment. [But] farmers, schools and construction companies balk at the idea of their cattle, children and hod-carriers having to plod through early morning gloom to perform their respective tasks. After much thought and calculation, we present the schools and building sites with the following ingenious suggestion: Delay your starting time by one hour.

— The Observer (London).

Nirvana in Los Angeles

Ah, the Los Angeles Dodgers were indisputably, demonstrably, definitively the best. They achieved that distinction the old-fashioned way. They earned it, first crushing the Mets in the league championship series, then humiliating the A's in the World Series. The Dodgers' victories left these fine opponents in shock. They left Dodgers fans in a state of euphoric numbness heretofore experienced only by a handful of mystics living somewhere in the upper reaches of the Himalayas.

— The Los Angeles Times.

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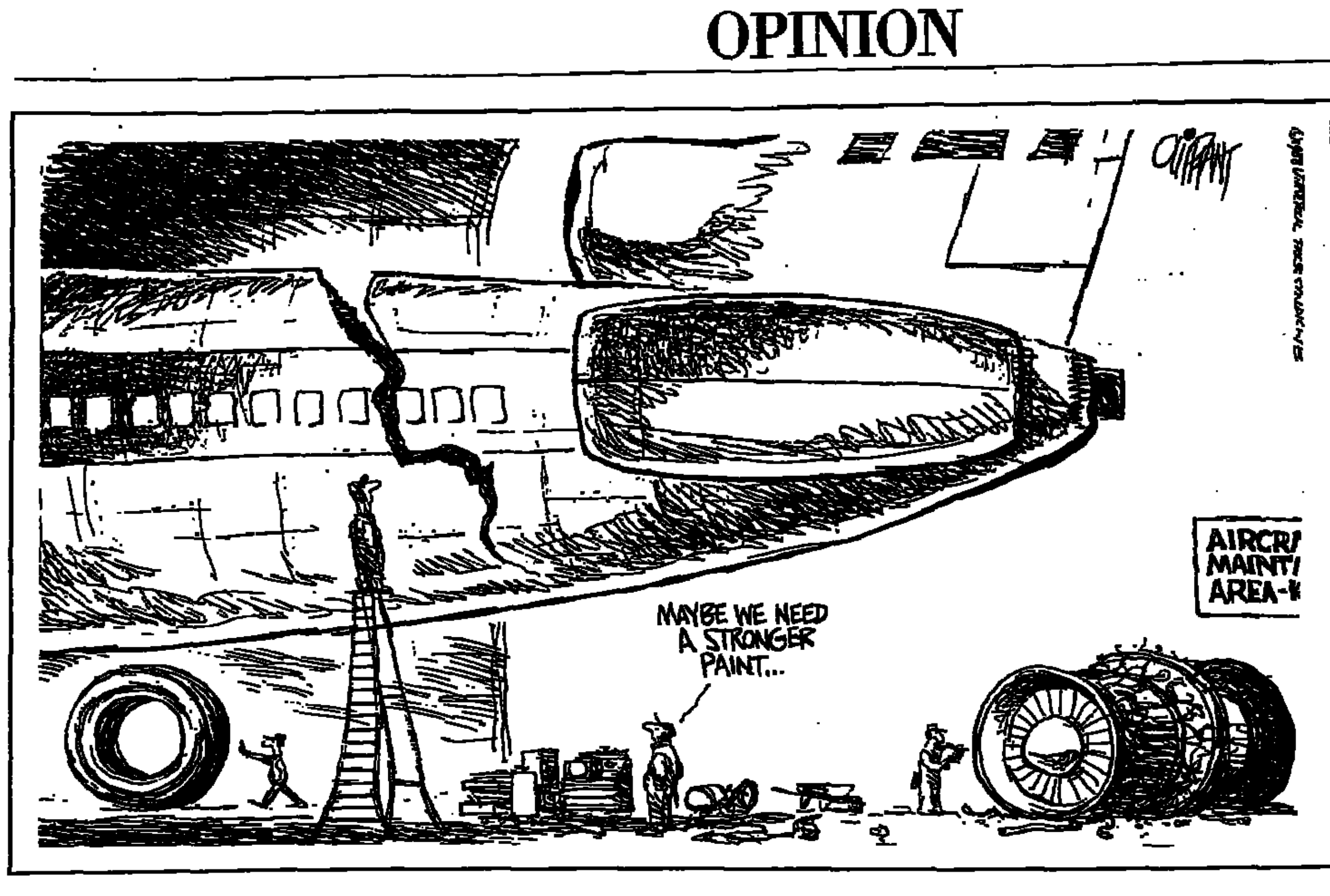

Israel: Palestinians, Too, Could Hold Elections

By Anthony Lewis

BOSTON — Israel's political campaign, which ends just a week before America's, has similarly featured more invective than attention to the country's real problems. But through the clouds of rhetoric one can detect something that matters. More of the public is coming to see that Israel must deal politically with the Palestinians.

There was a telling sign of this more realistic view last Monday. Shimon Peres, the Labor leader, and his rival in the party, Yitzhak Rabin, held a joint press conference. If Labor formed the next government, they said, it would offer Palestinians in the occupied West Bank and Gaza free elections to choose delegates to a peace conference.

Labor has long favored the American idea of an international peace conference including a joint Jordanian-Palestinian delegation. But this was the first mention of elections for the Palestinian representatives. It is a proposal that gives unmistakable recognition to the reality of Palestinian national consciousness.

Mr. Rabin said that any Palestinian who has not participated in terrorism could vote. The election would take place only on condition that the Palestinian uprising in the occupied territories stop first. "If the violence is restrained," Mr. Peres said, a delegation can be elected "to represent the Palestinian side in negotiations."

In 1976, Israel conducted elections for mayors in the West Bank and Gaza. Most of the winning candidates were supporters of the PLO, and Israel has since removed all of those men from office. The new Labor proposal apparently envisages fresh municipal elections, too.

What made the joint Peres-Rabin démarche so striking was that until now Mr. Rabin, the hard-line defense minister, has opposed elections in the occupied territories. I have asked him about that possibility several times, most recently in an interview last January. Each time he curtly rejected the idea, saying that it would only bring PLO domination of the elections again.

Why the change of mind now? One immediate political reason is to try to hold Israeli-Arab votes that gave Labor three seats in the last election. They have been slipping away because of bitterness at Mr. Rabin's harsh measures against the Palestinian uprising — his policy of beatings, and more recently the use of plastic bullets that have killed Palestinians as young as a 5-year-old boy.

But when Mr. Peres speaks of representation for "the Palestinian side in negotiations," I think he is taking account of something deeper: a growing acceptance among Israelis of the idea that there is a "Palestinian side" and that Israel must talk to it.

The uprising in the West Bank and Gaza has been going on for nearly 11 months now. It is as dramatic a demonstration of Palestinian political consciousness as can be imagined. Israel has used more and more force to put it down, but few Israelis who are engaged in the problem believe that force can solve it. Two Israeli generals said as much in talking with Joel Brinkley of The New York Times (*IHT, Oct. 13*). One was the commander in the West Bank, Major General Amram Mitzna. "There is no military solution in what we are facing," he said. "It is mainly a political problem."

Ephraim Sneh, a retired brigadier general who was military governor of the West Bank until a year ago, said that "the most important thing to realize" is that the uprising "has very broad popular support." Israel's "confrontation is with the entire Palestinian population," and that is why "punishment is necessarily collective measures."

"For that," General Sneh continued, "Israel pays a high price in growing isolation of the state. I'm afraid Israel is losing its real friends."

Prime Minister Yitzhak Shamir and his Likud Party continue to take an unyielding line, saying that they will never give up any of the occupied territory. But there are figures in the Likud who believe that Israel must talk with the Palestinians — and make some kind of political settlement.

I think the Israeli public as a whole is readier to negotiate with the Palestinians than political rhetoric has indicated. There is fear — understandably, given history. An event like last Wednesday's killing of seven Israeli soldiers in Lebanon by a Hezbollah car bomb heightened the fear. But there is also common sense in most Israelis, and a willingness to deal with those who forswear terrorism.

What is needed now is leadership — from all sides. The Palestine National Council, due to meet next month, could make a great difference if it moved to accept Israel's reality. U.S. encouragement of negotiations will be essential. And the next Israeli government will have to signal, however cautiously at first, that it is ready to talk with the Palestinians.

The New York Times.

Israel: Heading Neck and Neck Into a New Agenda

By Abraham Rabinovich

JERUSALEM — Israelis are saying that the elections on Nov. 1 will be the most important ever held in the country, as for the first time since the Six Day War voters are asked to make a clear-cut decision on the occupied territories. Yet most Israelis know that these elections are unlikely to produce anything approaching a clear decision.

Theoretically, a clear-cut Labor victory would open the way to negotiations leading to return of the bulk of the West Bank and the Gaza Strip to Arab hands in exchange for peace. A decisive Likud victory would open the way, theoretically, to eventual annexation of all or parts of the territories.

It is a fateful choice — and one so potentially explosive, internally no less than externally, that any government would be loath to move without the backing of a solid public consensus such as then Prime Minister Menachem Begin had when he swapped Sinai for peace with Egypt.

If opinion polls make anything clear, it is that there will be no such consensus on Nov. 1.

The two major blocs, at present locked in a loveless embrace within a national coalition government, appear to be running neck and neck a week before the elections.

Likud leaders have indicated that they will favor another national unity government after the elections if they win. Although Labor has dismissed this with a shudder as a formula for four more years of political paralysis, the possibility cannot be ruled out. Cold calculations on the morrow of a narrow Likud victory might well induce Labor to join a coalition government in order to forestall a massive new settlement program or other drastic steps that could upset the tenuous peace with Egypt and start the countdown to the next war.

If Labor wins a narrow victory, it will be hard put to force through territorial concessions. Israel cannot afford the luxury of anything resembling civil war, but the political passions in both camps are enormous.

All this, however, does not add up to stalemate. The Palestinian uprising — the *intifadeh* — has created a dynamic that appears irreversible, one that may finally provide Israel with a way out of the dilemma of conquest.

For the first time since they found themselves, to their astonishment, astride a mini-empire after the Six Day War, Israelis are being confronted with the realities of being an occupying power ruling a people who will not accept occupation. For 20 years, Israel had been permitted by relative Palestinian passivity and the efficiency of the security services to think of the occupation as a tolerable interim until a political solution could be found. The uprising has not only created serious problems for Israel's self-image and world image but has doubled the amount of time Israelis must now serve on reserve duty — from one month to two.

The political situation has remained unchanged during the intifadeh, but there has been movement on the psychological plane. The uprising has shown the Israelis and the Palestinians the limits of their power. The euphoria of the early days of the uprising for the Palestinians is now tinged with awareness that the Israelis will not be stampeded even by a popular revolution that has the sympathy of the world. As an Israeli colonel put it, "We've shown them that if they want to arm wrestle, well, we'll arm wrestle."

The Israelis, for their part, have learned that there is no such thing as an enlightened occupation. They realize that even if the intifadeh appears to slow down, it will not be snuffed out.

The two sides have in a sense been brought closer together by the uprising. The pride wrought by it has permitted the militant Palestinian leadership to flirt in public more daringly than ever with the notion of formally accepting Israel's existence. The uprising has also won Israeli respect. "They're doing what we would have done in their place," a senior officer said.

East-West détente, the end of the Iraq-Iran war, the introduction of missiles and chemical warfare into the region and the possibility that the next American administration will lean far more heavily on Jerusalem for political concessions than did the Reagan administration are additional elements that the next Israeli government will have to weigh.

The Arabs have to weigh not only Israel's enormous military strength but the national will it has displayed in dealing with the intifadeh and the technological potential revealed by the satellite placed into orbit last month by rockets powerful enough to reach virtually any Arab capital.

It would be wrong to suggest that it makes no difference who wins the coming Israeli elections; a decisive victory could certainly lead to a dramatic move in one direction or the other. Labor has said it will call for an international peace conference and hold elections in the occupied territories to permit Palestinians there to choose their own representatives in peace talks. Likud has said it will offer limited autonomy to residents of the territories and resume the establishment of settlements.

But even if the results are inconclusive, broad forces — political, psychological, economic, military — will undoubtedly move the region along into new configurations. History may provide its own agenda.

International Herald Tribune.

United Nations: Rush Hour Ahead

By Hans Binnendijk

LONDON — The United Nations turns 43 today, rejuvenated by its Nobel prize for peacekeeping operations and by its successes in managing conflict in Southwest Asia. It will not have time to rest on its deserved laurels. The new tide in East-West relations and regional settlements brings in tough challenges for UN peacekeepers and arms control monitors.

The United Nations has 10,000 troops in blue helmets engaged in seven peace operations at a cost of more than $250 million annually. This requirement could easily double next year.

The first challenge will be to design operations that meet the needs of emerging settlements in Namibia, the Western Sahara and Cambodia without overwhelming UN capabilities. It will not be easy, because these peacekeeping missions would be much more complex than most past ones.

Monitoring cease-fire lines or disputed borders has proved easier than enforcing peace in a civil war. Among the most dangerous peacekeeping operations have been the 1960 Congo effort and the current UNIFIL patrols in Lebanon. In both cases, UN troops had to engage local forces in combat.

The conflicts in Namibia, Western Sahara and Cambodia are all civil wars with some element of foreign intervention. Settlements would include varying degrees of UN participation in election monitoring, refugee resettlement and police actions against dissidents opposed to the peace accords.

For the Namibia operation alone, UN officials estimate that 7,500 troops and 2,500 civilians would be needed to monitor the transition to independence, at a cost exceeding $600 million. A mooted UN presence there next month, well before a settlement is reached in Angola, could prove particularly dangerous.

Cambodia could be even more dangerous. One can imagine a situation in which the Security Council approves UN operations there pursuant to a Vietnamese settlement with Prince Norodom Sihanouk that the Khmer Rouge opposed. That would put UN forces in conflict with 40,000 well-supplied and ruthless guerrilla fighters. Even a settlement with tacit Khmer Rouge approval could quickly deteriorate into civil war, with UN forces caught in the middle.

Peacekeeping needs are changing in other regions where peace negotiations are under way, such as the Iran-Iraq theater, Afghanistan, Cyprus and possibly Korea. For example, a final settlement of the Iran-Iraq war could be enhanced by UN use of commercial satellites to warn either side of major troop concentrations.

Another challenge for UN peacekeepers comes from recent proposals by Soviet Deputy Foreign Minister Vladimir Petrovsky. The most controversial would have the Security Council "stave off emerging conflicts by setting up observer posts in explosive areas." Mr. Petrovsky also envisioned using large-scale UN deployments stationed in one country to protect that state from outside interference.

Dozens of UN deterrent forces could thus be deployed around the world, each at the request of only one party to a conflict. This could place the Blue Helmets in harm's way around the world without negotiated cease-fire agreements or even support from contending parties.

The Soviets have coupled their call for the new UN commitments with bold ideas for meeting these commitments. They envision what amounts to a UN army made up of seconded national forces trained in new UN peacekeeping schools. The superpowers would be participating in the new UN army, adding to the tension and risk in already difficult situations.

The Soviet proposals cannot be rejected out of hand. Underlying them may be a Soviet desire consistent with their so-called "new thinking" to reduce their own military involvement in regional conflict. Their general approach in tabling these proposals this year has been to seek consensus rather than confrontation. The United Nations has to find ways to take advantage of the new Soviet interest in the United Nations without at the same time setting dangerously impossible tasks for its peacekeeping forces.

Another challenge, this time to UN arms control monitoring capabilities, stems from world pressure to stop chemical warfare. Both the upcoming Paris conference to reinvigorate the 1925 Geneva Protocol and the ongoing Geneva negotiations could create new UN responsibilities. The United Nations could be called upon to investigate all possible violations of the 1925 ban on the use of chemical weapons or to verify a worldwide ban on chemical weapons possession.

Verifying a worldwide chemical weapons ban would be a nearly impossible task requiring continual inspection of production facilities, potential storage areas and frontline military units in signatory countries. Yet the United Nations could be asked to take this on, since its International Atomic Energy Agency verifies the Nuclear Nonproliferaton Treaty.

New financial resources, manpower, training and technology will be required if the United Nations is to have any chance of meeting even the most modest of these challenges. The United States has now successfully reformed UN budgetary and personnel policies, and appears ready to pay its back dues when these reforms are carried out. It has also taken steps to set aside an additional $150 million out of other accounts to meet these new UN contingency requirements.

Sustaining this new, more positive U.S. approach will be critical if the United Nations is to be guided through these difficult challenges. The Soviet Union, for its part, should avoid bold new proposals which only complicate an already complex set of requirements for the United Nations.

The writer is director of studies at the International Institute for Strategic Studies. He contributed this comment to the International Herald Tribune.

Big Traders Congealing Into Blocs?

By Flora Lewis

PARIS — A watershed in world trade lies not far ahead. Decisions during the next American administration can determine long-term health of the U.S. and world economies, affecting politics and defense.

For the moment, many give lip service to the principle of more trade freedom, global cooperation and so on. But a December meeting in Montreal will be a hard-fought prelude to the big trade battle looming. The U.S. chief negotiator, Clayton Yeutter, has warned of a "full-scale confrontation" if the Europeans aren't willing to plan an end to agricultural subsidies.

While they talk free trade, major players are gearing up for a titanic battle of blocs, with undertones of George Orwell's "1984" vision of a world divided among three powers permanently at war.

On one side is Europe with its 1992 target for setting up a true common market. The United States has warned against the European Community surrounding itself with barriers that would make a "Fortress Europe," and community officials say it isn't their intention. But they continue to insist on an ill-defined notion of "reciprocity," bargaining off concessions with other countries one by one, the opposite of multilateral free trade.

There is also pressure within the community for a "domestic content" rule, ostensibly to prevent Japanese firms from leaping over the wall by setting up European finishing plants for Japanese-made goods. That would be another form of protectionism.

Washington is getting alarmed about the impact on America. At least one Republican senator has argued that in reprisal the United States should set up a "Fortress America" trading zone, including Mexico as well as Canada. That would more or less inevitably draw in most of Latin America. The presidential campaign has shown how much and how broadly protectionist sentiment is growing in the United States.

Meanwhile, some senior Western officials are seriously concerned at how far the Japanese have gone toward preparing a bloc of their own. It would embrace not only the "four tigers" — Taiwan, South Korea, Hong Kong and Singapore — but also the less developed ASEAN countries.

That is a hedge. The Japanese would certainly prefer to continue spewing products around the world and buying where they get the best deals. But they are already thinking of an alternative if that should be prevented by protectionism in other regions. Then, so much for American dreams of a great Pacific-rim economy.

It would be, with a vengeance, the "Greater East Asia Co-Prosperity Sphere" that the Japanese tried to establish by conquest in World War II. The use of force brought Japan's own destruction. In just two generations, the use of trade and productivity has brought the old vision within reach. There is a lesson in this for Americans who want to entrust their nation's fate primarily to military power.

These are not precisely the three warring blocs that Orwell envisaged: Oceania, Eurasia and Eastasia. But the similarity is too close for comfort, including the possibility of a European-Soviet bloc partnership. Orwell was thinking in politico-military terms with Soviet dominance, and that hasn't happened. The West won, largely because it proved able to deliver the goods and prosper with expanding trade.

Now it is a flourishing Western Europe that is attracting the isolated East. After opposing the community for years, Moscow and its allies are courting it for help in finance and expertise. Comecon, the East bloc's cumbersome and ineffective counterpart, has signed a cooperation agreement with the community. One by one, starting with Hungary, East European countries are also signing up individually.

In the last two weeks, West European banks have made deals providing for $9 billion worth of credit to the Soviets, mostly for consumer goods industries that Mikhail Gorbachev needs to give perestroika a chance. Prime Minister Ciriaco De Mita of Italy started a current parade of European leaders to Moscow last week, and will be followed by Helmut Kohl and François Mitterrand. When he returned, Mr. De Mita spoke publicly of the need for "something like a Marshall Plan" for the Soviet Union, arguing that it could provide "unimaginable commercial advantages." West Germany and France have similar ideas.

The fork in the road to world trade or rival blocs is coming up soon. The United States cannot make the decision alone, but it has great influence. The implications of the choice need to be perfectly clear.

The New York Times.

100, 75 AND 50 YEARS AGO

1888: Bohemian Ritual

PARIS — The correspondent of the *Temps* at Vienna says: "It is believed that the Emperor Francis Joseph has made up his mind to give greater autonomy to Bohemia, and the Grand Master of Ceremonies has been ordered to draw up a memorandum as to the proper ceremonies to be observed upon the occasion of the coronation of a King of Bohemia. The last time that such a ceremony occurred was when Francis I was crowned King of Bohemia at Prague, on Aug. 5, 1792.

1913: A Militant Bride

LONDON — Miss Elizabeth Wetzlar Coit, daughter of the founders of the Spiritual Militancy League, is the first bride to make a practical protest against what the "spiritual militants" call the "moral indignities to women in the marriage service of the Anglican Church." At her wedding yesterday [Oct. 23] to Mr. Thornely C. Gibson, Miss Coit was not asked either to "obey" or to "serve" her husband. The words were for the first time in an Anglican church completely cut out of the marriage service.

1938: A Minimum Wage

WASHINGTON — A rush of letters and telegrams from business men seeking answers to questions on the Federal wage-hour law, scheduled to go into effect at midnight tonight [Oct. 23], today kept Wage-Hour Administrator Elmer F. Andrews's staff in a great rush to answer them. In a broadcast, Mr. Andrews said he had no expectation that the 25-cent-an-hour minimum wage provided in the law for industries in interstate commerce would become the maximum. Hour maximum provided in the law is 44 a week. Enforcement of the law will be "self-acting," he said. A worker denied the wage and hour conditions guaranteed has under the measure the right to sue his employer for double the amount of the lawful wages denied him, plus court costs.

Rocard Endures His Toughest Week

By Steven Greenhouse
New York Times Service

PARIS — Prime Minister Michel Rocard has endured his most embattled week in office, with more than 50,000 government workers taking to the streets of Paris to demand pay increases.

In a huge nationwide job action, mail delivery was halted, subway and train service was cut in half, and half of the nation's teachers stayed home.

About 50,000 government workers marched through Paris on Thursday, and on Saturday 10,000 nurses demonstrated as part of a two-week-long national strike.

A rift in Mr. Rocard's Socialist Party has made his position even more difficult. Several left-wing party leaders, unhappy with Mr. Rocard's centrist policies, voiced solidarity with the strikers.

What is more, despite Mr. Rocard's efforts to defend the franc, it weakened in trading during the week because of fears that the government would be forced to grant wage rises that would push up inflation and the budget deficit.

From the statements of labor leaders, it appeared that the unrest might worsen this week.

The six major labor federations that staged slowdowns said their leaders would meet early this week.

With nurses, teachers, railroad workers and postal employees all demanding large wage increases, Mr. Rocard did not flinch in his support of wage and budgetary discipline.

"I will not be the prime minister of a mistaken generosity that would ruin our chances of economic recovery," he said.

■ French Nurses End Strike

Representatives of French nurses voted 207 to 111 on Sunday to end a 10-day strike, Reuters reported from Paris. But they decided almost unanimously to continue to press for a raise of 2,000 francs ($330) a month, rejecting a government offer of 500 francs.

KOHL: *Visit Ends a 5-Year Chill in Bonn-Moscow Ties*

(Continued from page 1)

ion with the Soviets threatens to revive a periodic debate with the United States about how to deal with the Soviets.

West Europeans have sought to use increased trade as a lever to make the Soviet Union a more reliable neighbor and to increase stability in Europe. American conservatives have viewed this approach as strengthening the enemy.

"The future of Europe lies in cooperation and productive competition, and not in destabilizing the other side," Foreign Minister Hans-Dietrich Genscher of West Germany wrote in an article published this week in the Hamburg weekly Die Zeit.

"The farther the Soviet reform program progresses," he said, "the more capable the Soviet Union will be in every way to cooperate with the Western democracies."

Another official in Bonn said of the Soviets, "You don't fight people you want to do business with." The official added, "We want to get that message across to Washington."

There are differences among the West Europeans on how far to go in helping Mr. Gorbachev. Prime Minister Margaret Thatcher of Britain has been critical of what she sees as West Germany's excessively accommodating arms-control policies.

During Mr. Kohl's visit, six bilateral agreements are expected to be signed, some of which have been in negotiation since the early 1970s. They provide, among other things, for increased cultural exchanges and for measures to avoid collisions between the naval forces of the two nations in the Baltic Sea.

For Mr. Kohl, the Kremlin's willingness to receive him comes as a relief and a boost for his political stature at home. Since 1983, he has visited Moscow only to attend the funerals of Mr. Gorbachev's two predecessors.

The Soviets have kept the West Germans at arm's length since the Bonn government's decision in 1983 to deploy U.S. medium-range missiles. Those weapons are being scrapped under the INF Treaty.

SLEEP: *Less Is Enough, Expert Says, If You Catnap*

(Continued from page 1)

"We yawn, our heads become heavy and our eyelids weigh down and itch. We lose concentration."

The messages seem obvious, but Mr. Fluchaire said he was always surprised at the way people ignored them as though it were somehow undesirable to obey them.

During the night the body goes through several sleep cycles, ending with a period of relatively superficial sleep before waking up. It is this last cycle, lasting on average of 90 to 120 minutes, that we can gradually dispense with, Mr. Fluchaire said, providing the lost sleep is replaced with daytime naps.

"It is a huge mistake to go 16 hours without sleeping," he said, adding that nothing is quite so civilized as a siesta.

"In reducing the duration of your sleep, you automatically make it more profound," Mr. Fluchaire says in one of his books, "The Sleep Revolution." "Conversely, in sleeping too long, you make your sleep more superficial." Too much sleep is as bad as too little, he adds.

Mr. Fluchaire says history is full of geniuses — such as Virgil, Horace, Darwin, Edison, Napoléon and Churchill, to name but a few — who slept little but well.

"Supermen catnap," he said, "and their time counts for double. Growing numbers of executives are coming to recognize this."

He said businesses could markedly improve productivity by providing semidarkened relaxation rooms for their employees, as many companies in Japan do.

Mr. Fluchaire has advised Air France on pilot fatigue, which he said was an enormous problem in the industry and a contributing factor to most crashes involving human error. He also believes that many people can never adapt to night work, no matter how long they do it, because we are by nature diurnal animals.

Not recognizing their body's cyclical need for relaxation, many people go through life out of synchronization with themselves, like the Swiss Guards at the Vatican, of whom Romans joke, "They get up early but wake up later."

Despite the austere view, going back to Aristotle, that early rising makes for health, wealth and wisdom, Mr. Fluchaire says there is nothing wrong with going to bed late and getting up late. Some people's body clocks are just set that way.

Mr. Fluchaire says taking a sleeping pill is the chemical equivalent of being clubbed on the back of the head, which produces a profound but not necessarily refreshing unconsciousness.

Good sleep is a creative process, during which the mind is at rest but not switched off. It is that time when, as the poet Shelley said, "The gleams of a remoter world visit the soul."

Asked how much sleep he required, Mr. Fluchaire said he had been successfully getting by with "very little" while working on his latest book, but he would not say exactly how little.

Comparisons serve no purpose, he said. It is up to each person to find his ideal level by listening more carefully to the signals that nature sends.

PLO: *Rift Narrows*

(Continued from page 1)

king as saying that the negotiations had underlined "the special, distinguished relations between the Jordanian and Palestinian people."

More than half of Jordan's population of 2.8 million is of Palestinian origin.

On his return to Cairo on Sunday night, Mr. Mubarak said the discussions had established "a complete and clear understanding" between King Hussein and Mr. Arafat.

Mr. Mubarak added, "It was a constructive and brotherly dialogue and, God willing, there will be good results."

Mr. Arafat made no immediate, public comment on the talks, and some reports suggested that the initiative had angered radical factions within the PLO that are opposed to both Jordan and Egypt.

The Jordanian decision to sever its 40-year-long ties with the West Bank followed months of protest by Palestinians in Israeli-occupied territory.

The move spurred the PLO into planning a declaration of independence for the occupied territories. It is expected to be announced at a meeting of the Palestine National Council in Algiers next month. At the same time, King Hussein's decision reduced the importance of Jordan in peace efforts.

Both the United States and Israel refuse to deal with the PLO. Egyptian officials have argued that the revival of a joint Jordanian-Palestinian approach was vital to overcome these objections.

According to Mr. Mubarak, Mr. Arafat said in Aqaba that he was in favor of a confederation with Jordan in the event of Israel relinquishing the occupied territories. King Hussein has said that he would support a joint Jordanian-PLO delegation at an international Middle East peace conference, if such a gathering took place.

The issue is central to the elections in Israel. Foreign Minister Shimon Peres, the Labor Party leader, has expressed support for an international peace conference and the idea of territorial concessions in return for peace. Prime Minister Shamir opposes both.

The Arab strategy in recent days has been to persuade Israelis to vote for Mr. Peres, who supports the so-called "Jordan option." In pursuit of the strategy they have sought to counter Israeli opposition to the PLO by reviving King Hussein's role.

Mr. Mubarak rejected on Sunday suggestions that the Arab strategy was designed to influence Israel's election. But other Egyptian officials offered different perspectives. Osama Baz, Mr. Mubarak's chief foreign policy adviser, said the Aqaba meeting was designed in part to show Israeli voters where their interests lay.

Montana in Form on Fashion Trapeze

By Suzy Menkes
International Herald Tribune

PARIS — Claude Montana's collection scaled a peak of perfection in Paris ready-to-wear. His soft fabrics, sculpted shapes and tender colors provided a moment of fashion emotion. With such a collection, and a decade of creativity behind him, will, and should, Montana take his powerful talent into haute couture?

He made it all seem so easy. The line, from the founding father of the triangular shoulder, was reversed into a trapeze, a narrow top flaring out into an A-line.

PARIS FASHION

It could have been inspired by the newly opened glass pyramid at the Louvre, for Montana's creations shimmered in washed silk and organza. The colors enhanced the airy feel as cloud gray warmed to blush pink and ivory to buttermilk and apricot.

The show opened with a gray-green pantsuit, its tunic flowing out of a pleated collar that circled the shoulders to rest lightly on the bosom. The sculpted line whispered of Balenciaga, but the outfit was graphic and modern.

His skill was to take a fluid fabric and give it body and shape. This was the story throughout a show that was dominated by pants. They were taut at the hips before swinging out, softly pleated at the waist, or flared as shorts.

As well as the trapeze tunic, sleeveless and suspended from apron straps, the pants went under knee-length trench coats in butter-soft suedes. Knits were just a gossamer of stitches. The sheer fabrics made a strong statement from a designer who has gone soft on women. Bosoms were only lightly veiled in chiffon, sometimes with a bolero just curling across the bust. At night a lacy shawl top caressed the figure and even suede was worked into a tracery of open threads, to climax a magical collection.

The trapeze is the new line from the big talents in Paris. But each has a different message.

Issey Miyake, in another beautifully realized show, said it with fabric, making A-line tunics and wide pants in cotton corrugated into the finest pleats, to give stiffness while colors were limpid. Jump suits in the pleated trapeze shape gave the impresion of floating away from the body. Tunics, touched with dusty pink on cream or primrose on gray, flowed over long skirts.

Miyake's striking exhibition, "A Un," in a private showing for the fashion world at the Musée des Arts Decoratifs on Saturday, reinforced the impresssion that the designer is a master of modernity in line, color and fabric.

Agence France-Presse

Claude Montana showed this pleated coat over wide pants in his Paris ready-to-wear collection.

Has success tamed Jean-Paul Gaultier? His phenomenally successful link with Fiorucci for Junior Gaultier has grossed 200 million French francs ($33 million) with another 150 million expected from Japan in 1989. That proves, as fashion professionals have always known, that behind the mischievous and louche fashion image, there is a formidable talent.

He had a quiet presentation that opened with the jeans line: low-slung hipster pants, and a few skirts, over a "body" sliced away at the side to show a pound of flesh. Prettier touches were Edwardian undies, frilled bloomers and lingerie satin and lace.

There were corsets (a familiar Gaultier fetish) and a gum-chewing Jack Nicholson couldn't believe it as bosoms popped up and over. These exercises in underwear gave a sense of déjà vu to a show with a lot of new ideas. A Chinese tunic, open at the sides to show a flash of flesh, went over wide pants to create the new A-line. There were cowboy chaps (seen in the September men's collection). A pantsuit with long, fitted jacket and low scoop neck, will bring home the bacon.

Any house in search of a dynamic young designer, might ponder the case of Hubert de Givenchy, who, at 61, came up with a collection that was was as fresh as the breezy shoreline and summer meadows that were his themes. It was peppered with applause and the buyers rose to give Givenchy an ovation.

Givenchy's skirts were short and slim, jackets curved, raincoats short and swingy. Colors for the stripy knits that opened the show were as bright and graphic as a new yacht, all navy, red and white, gleaming with brass buttons. Seed packet flower prints on Givenchy's signature shirtwaister dresses looked sweet in chiffon. A coat skirt and pants in sorbet colors was refreshing.

Sunday was star-spotters day as Margaux Hemingway and Marisa Berenson lined up for Enrico Coveri's wildly colorful collection. The Japanese ambassador's wife, Mrs. Motono, whose daughter works for the house, was at Hanae Mori, who showed pretty rose pink and flowered summer dresses, Madame Butterfly prints, and graceful crepe jump suits in apricot, yellow and apple green. Many women would be relieved to find many more skirts — all short — than the elephantine Paris pants.

Weekly International Bond Prices

Provided by Credit Suisse First Boston Securities, London, Tel.: 01 323 11 30
Prices may vary according to market conditions and other factors.

Oct. 20

Dollar Straights

Issuer	Con	Mat	Price	Yld Mat	Spd Trsy
Australasia					
Aust Com Bk	10	93	103⅛	9.19	+76
Australia	11	95	108½	9.21	+53
Australia	11½	95	111⅞	9.22	+51
Austria Contrl	12¼	93	96⅝	13.19	n.a.
Council Europe	13	93	99⅝	13.02	n.a.
Eurofima	13	93	100¼	12.87	n.a.
N S Wales Trsy	11¾	90	103¼	9.25	+152
New Zealand	7¼	89	98½	9.00	+148
New Zealand	7¾	90	98	9.06	+130
New Zealand	7½	91	95¾	9.24	+116
New Zealand	7⅝	91	95⅞	9.26	+113
New Zealand	8	93	95¾	9.27	+92
New Zealand	8¼	93	96¼	9.31	+99
New Zealand	8½	93	96	9.65	+135
New Zealand	8	97	91⅞	9.52	+72
Qantas	10⅝	95	104¾	9.37	+68
Qantas	8⅝	96	95¾	9.43	+70
Queensland	11¾	89	102½	8.92	+119
Queensland	8	91	97⅞	9.14	+112
Queensland	7¼	92	97¼	8.18	-3
Queensland	10¼	95	103¾	9.46	+77
St Bk Sth Aust	10¼	92	102¾	9.22	+102
St Bk Sth Aust	9¼	93	100.050	9.21	+90
Sth Aust Gov	8¾	93	98	9.30	+98
Victoria Sec 5	10	92	102½	9.21	+93
Victoria P	11⅝	92	106⅞	9.21	+99
Victoria Sb	8½	93	96⅞	9.34	+98
Victoria Publ	8⅝	96	93¾	9.54	+77
Canada					
B C Hydro	15¼	92	116½	9.70	+146
Bank of Nova S	8⅝	90	99	8.96	+114
Canada	11½	90	103⅛	8.91	+99
Canada	10	95	103⅞	9.22	+51
Canada	9	96	99½	9.07	+34
Canadair	12½	89	103½	8.83	+117
Canadian Pacif	12⅛	90	103	10.71	+287
E D C	12	89	102¾	9.82	+139
E D C	10	90	101½	8.97	+119
E D C	8¼	91	98¾	8.85	+91
Farm Credit	7½	93	91½	9.70	+126
Farm Credit	7¾	96	91¼	9.39	+65
Manitoba	11¾	89	102½	9.12	+146
Manitoba	10½	90	101⅞	9.14	+137
Manitoba	12½	94	113½	9.43	+62

Issuer	Con	Mat	Price	Yld Mat	Spd Trsy
Manitoba	7½	96	89½	9.48	+74
Olymp York	8¼	96	91¾	9.81	+187
Ontario Hydro	11¼	89	102½	8.85	+110
Ontario Hydro	10¾	90	101½	9.06	+131
Ontario Hydro	11¾	90	104½	9.07	+123
Ontario Hydro	13½	91	109.050	8.96	+102
Ontario Hydro	12¾	92	111⅛	9.21	+94
Ontario Hydro	15	92	116	9.69	+145
Ontario Hydro	11⅛	94	109½	9.24	+77
Petro-Canada	7¼	96	88¾	9.39	+65
Prov Albert	7⅝	91	95⅝	8.93	+79
R B C	8⅝	93	94½	9.89	+154
Saskatchew	11⅞	89	102⅝	8.98	+133
Saskatchew	10¾	90	102	9.06	+115
Saskatchew	7½	91	95	9.63	+159
Saskatchew	8½	91	98¼	9.32	+138
Saskatchew	10¾	92	104½	9.13	+93
France					
B F C E	7¼	91	95½	9.06	+96
B F C E	7	92	94	9.09	+88
B F C E	7¼	93	92⅝	9.23	+89
B F C E	7⅝	96	91¾	9.40	+64
B F C E	7¾	97	90¾	9.38	+59
B N P	8¾	93	96	9.88	+156
C A E C L	9⅝	95	97½	9.88	+118
C C C E	7⅛	91	95	9.11	+100
C E P M E	7⅝	91	95⅞	9.06	+100
C E P M E	7¼	92	94⅝	9.10	+90
C N C A	10	90	101⅝	9.07	+122
C N C A	11¼	90	102¼	9.15	+136
C N C A	7¼	91	94⅝	9.18	+103
C N C A	13¼	91	109.050	9.11	+110
C N C A	11½	92	106½	9.16	+96
C N C A	7½	94	92¼	9.40	+92
C N C A	7½	96	89½	9.48	+74
C N E	11¾	95	111⅛	9.31	+64
C N T	7	91	94⅝	9.02	+87
C N T	13¾	91	110½	9.03	+101
C N T	8½	93	97	9.36	+105
Cr Foncier Ew	10⅝	91	103⅞	9.02	+103
Cr Foncier Ew	12½	92	110½	9.08	+83
Cr Foncier	7½	94	93⅛	9.21	+75
Cr Lyon F/P	7¾	93	94¼	9.27	+88
Cr Lyonnais	9	91	100	8.96	+102
Cr Lyonn	8¾	92	96¾	9.83	+160
Cred National	8¼	93	96⅞	9.13	+88
Credit Nat	7¼	91	95⅛	9.09	+95
Credit Natl	7⅞	92	94⅝	9.10	+89
E D F	7¾	93	94½	9.12	+67
E D F	11⅛	93	107	9.13	+80

[illegible]

Japan

[illegible]

Scandinavia

[illegible]

Supranational

[illegible]

United Kingdom

[illegible]

United States

[illegible]

Dollar Zero Coupons

[illegible]

Western Europe (Other)

[illegible]

DM Straights

European

[illegible]

Supranational

[illegible]

Non-European

[illegible]

DM Zero Coupons

[illegible]

ECU Straights

[illegible]

Yen Straights

[illegible]

Issuer	Con	Mat	Price	Yld Mat	Cur Yld
Sweden	5½	91	102	4.71	5.39
Sweden	4⅝	92	98⅝	4.76	4.43
Sweden	5¼	94	101½	4.93	5.17
Sweden	5⅝	95	102⅝	5.16	5.48
Sweden	6	96	104⅝	5.21	5.73
Tokyo Elect P	4⅞	92	100.050	4.85	4.87
Walt Disney	6⅝	96	107¼	5.39	6.18
World Bk	6⅝	90	103⅛	4.38	6.42
World Bk Oct	5½	92	102¾	4.73	5.36
World Bk	4⅞	94	99⅝	4.92	4.89
World Bk	6⅝	94	108	5.07	6.13
World Bk	7	94	109⅝	5.08	6.40
World Bk	5⅝	96	104.050	5.10	5.53
World Bk	6½	96	107½	5.23	6.05

Listing above does not include floating rate notes or convertibles.
Coupon, price and yield are expressed in percent.
For dollar-denominated issues, Spd/Trsy is differential between yield to maturity of bond and yield on U.S. Treasury's issues with the same maturity, expressed in basis points.
Prices and yields are all on a bid basis.
Pp: private placement.
W/w: with warrants.
X/w: ex warrants.

Mutual Funds

Figures as of close of trading Friday
Oct. 21

NEW YORK (AP)— The following quotations, supplied by the National Association of Securities Dealers, Inc., are the prices at which these securities could have been sold (Net Asset Value) or bought (value plus sales charge) Friday.

	Bid	Ask
AAL Mutual:		
CapGr p	9.10	9.55

	Bid	Ask
Social p	25.40	26.59
SocBd	15.57	16.30
SocEq	14.85	15.54
TxF Lt	10.60	10.81
TxF Lg	15.24	15.95
US Gov	14.51	15.19
WshA t	18.86	18.86
Capstone Group:		
EqGrd	9.98	10.48
Fd SW	10.62	11.15
Incom	5.25	5.51
PBHG	10.65	11.18
Trend	12.28	12.89
Carnegie Funds:		
CapG p	15.24	15.96
CapTR	10.27	10.75

	Bid	Ask
VS Spl	10.56	11.08
Eaton V Marathn:		
CalMn t	9.89	9.89
HiInc t	9.39	9.39
HiMun t	9.62	9.62
EclipEq	10.24	NL
EmpBld	16.77	17.61
EntrGw t	6.80	6.80
EntGIn t	13.89	13.89
Equitec Siebel:		
AgGth t	12.03	12.03
HIYld tf	8.83	8.83
TotRet t	13.24	13.24
USGv t	9.33	9.33
EaStrat	18.61	NL
Evergreen Funds:		
Evgrn	12.59	NL
TotRtn	17.41	NL
ValTm	11.69	NL
FBL Gth t	10.58	10.58
FPA Funds:		
Capit	13.14	14.05
NwInc	9.60	10.05
Parmt	14.31	15.30
Peren	19.44	20.79
Fairmt	48.76	NL
Federated Funds:		
CoCsh	9.03	NL
Exch	51.99	NL

	Bid	Ask
InsTF	11.10	11.56
MaTF	10.58	11.02
MI Tax	10.86	11.31
MNIns	11.23	11.70
NY Tax	10.82	11.27
OhioI	10.95	11.41
PaTF	9.51	9.91
Option	5.26	5.48
PR TF	10.57	11.01
SI Gov	10.20	10.36
TA Gov	10.14	10.56
Utils	7.57	7.89
US Gov	6.98	7.27
CalTx	6.89	7.18
Franklin Mod Tr:		
CoCsh p	21.19	21.51
InvGd p	8.78	9.15
RisDv p	10.30	10.73
Freedom Funds:		
EqVal t	10.48	10.48
Globl t	10.68	10.68
GlIPl t	11.05	11.05
Gold t	14.88	14.88
GvPls t	9.67	9.67
MgTE t	10.65	10.65
RgBk t	11.94	11.94
FundTrust:		
Aggr fp	12.24	12.43
Grth fp	13.05	13.25

[illegible]

NL— No initial sales load. p— Previous day's quote. r— Redemption charge may apply. x— Ex dividend.

FROM TELEVISI[illegible]

Strong-Curr[illegible]
Draw the G[illegible]

[illegible]

EUROBONDS

Strong-Currency Issues Draw the Greatest Interest

By CARL GEWIRTZ
International Herald Tribune

PARIS — Lenders and borrowers, showing a rare confluence of interests, made a dash for high-coupon, strong-currency Eurobonds last week, freezing the U.S. dollar completely out of the new-issue calendar for fixed-coupon straight bonds. In addition, U.S. issuers were notable for their absence. Of the 40 new issues in all market sectors, only one was for a U.S. parent company — Ford Motor Co.

The dollar's slide to four-month lows against the Deutsche mark and yen, without encountering official resistance, accounted for the currency's fall from favor. At the same time, the recent round of takeovers and buyouts, which can quickly turn good credit into bad, diminished the allure of U.S. companies.

The Canadian dollar was the preferred investment vehicle

Both U.S. credit-rating services announced last week that they had put Philip Morris Co. — which is bidding for Kraft Inc. — and RJR Nabisco, whose management is considering a $17 billion plan to take the company private, under review for possible downgrades. Moody's Investors Service said that "should a leveraged buyout occur, it is likely to result in sharply increased debt levels [for RJR Nabisco] and substantially lowered debt-holder protection."

The borrowers who did tap the Euromarket had no problem offering investors the high coupons they like or the currencies of their choice, since the issuers could end up with low-cost currencies of their choice through swaps.

The Canadian dollar was the preferred investment vehicle. Canadian borrowers, such as the Province of New Brunswick or the city of Winnipeg, were content to stick with that currency, but preferred tapping the Euromarket where they could raise money at slightly lower costs than at home.

Institutional investors like Canadian paper issued by Canadian issuers, once the price has declined to put the yield closer to domestic levels, because experience has shown that domestic Canadian investors will come into the Eurobond market buying such paper once the yields look attractive.

BUT MOST of the issuers last week were not Canadian. For the non-Canadians the currency was simply the one that offered the most attractive opportunities. It was the first allowing them to swap the proceeds into low-cost, floating rate U.S. dollars at a range of 25 to 40 basis points — or hundredths of a percentage point — below the London interbank offered rate, and then into low-cost, fixed-rate funds in the currency of their choice.

For Eurofima, which offered 100 million Canadian dollars of eight-year notes, the end currency was French francs. For the World Bank, which sold 150 million five-year Canadian dollar notes, the end-swap was into yen.

What the borrowers did with the proceeds was of no interest to investors. They were happy to have paper bearing coupons of more than 10 percent, easily a percentage point more than could be earned buying U.S. dollar bonds, and in a currency that appears likely to appreciate against the U.S. dollar.

At the start of this month it took 1.22 Canadian dollars to buy a U.S. dollar. The rate is now 1.202. Simon Crane, a currency analyst based in Britain, says the exchange rate could easily move to 1.1725. Mr. Crane dismissed talk of a greater near-term appreciation, but bankers say their clients are betting that re-election of Brian Mulroney as the Canadian prime minister on Nov. 21 and subsequent approval of the U.S.-Canadian free trade pact could, over the longer term, push the Canadian unit closer to parity with the U.S. dollar.

Despite this, it was evident that the nine issues last week totaling 900 million Canadian dollars were too much be absorbed at one time. The Canadian dollar sector is dominated by retail investors, which means placing the paper takes more time than, say, U.S. dollar issues.

Almost all the issues ended the week trading at discounts equal to the underwriting fees. Only one, the World Bank issue, fared better than the fees at less 1.6 points, compared with fees of 1¾ points. New Brunswick and Ford Credit of Canada fared less well, trading at discounts larger than the underwriting fees.

Activity was also heavy in European currency units. Here, too, the driving force was the ample opportunity for issuers to swap the proceeds. For investors, the ECU is also a safe harbor against the dollar, even though the unit's weaker components — such as the lira and French franc — are likely to be devalued against the stronger ones like the Deutsche mark and guilder.

While the ECU's relative stability appeals to conservative investors, a major drawback for institutional investors is the relative lack of liquidity in the secondary market. The heavy concentration of retail investors who tend not to trade their holdings and the modest size of most issues make it difficult for

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Insider Bill Passes in U.S.

Senate Approves Stiffer Civil, Criminal Penalties

By Nathaniel C. Nash
New York Times Service

WASHINGTON — Capping a two-year struggle to address insider trading scandals on Wall Street, the Senate has approved legislation that greatly increases the monetary penalties and jail terms for such crimes.

In a voice vote held early Saturday morning, the Senate passed and sent to President Ronald Reagan for signing a bill that would not only expose Wall Street firms to greater liability in insider trading cases, but would also provide bounty payments to informers and require brokerage firms to police their employees.

Among its provisions, the law would make these specific changes:

• The government could give an informer a bounty of up to 10 percent of the fine or settlement in an insider trading case.

• Individuals could be jailed for 10 years per violation, and fined a maximum of $1 million.

• Wall Street firms would be liable for triple the amount of illegal profits gained in civil cases brought by the Securities Exchange Commission should they "knowingly or recklessly" fail to supervise staff and prevent abuses.

• Wall Street firms in criminal cases could face fines up to $2.5 million per violation, up from $500,000 currently.

• Investors who traded at the same time as the inside trader but were not involved in illegal dealings could seek damages.

The legislation was approved unanimously in the House of Representatives on Sept. 14 and congressional aides say Mr. Reagan is likely to sign it.

"I believe this legislation will add to greater investor confidence in our capital markets and will serve as a deterrent to insider trading abuses," said Senator William Proxmire, a Wisconsin Democrat who serves as chairman of the Senate Banking Committee.

Representative Edward J. Markey, a Massachusetts Democrat, said: "The Senate today joined with the House in sending a strong signal to Wall Street that the days of a see-no-evil, hear-no-evil, speak-no-evil approach to insider trading are over." Mr. Markey co-authored the bill with Representative John D. Dingell, Democrat of Michigan.

Though all portions of the insider trading measure were not welcomed by the securities industry and the SEC, in the end the bill got the backing of both a leading industry group and the commission chairman, David S. Ruder.

"The increased penalties and fines will definitely be a deterrent," said Mr. Ruder, adding that the full SEC had not taken an official stand on the legislation.

"Nothing is ever perfect," said William J. Fitzpatrick, general counsel for the Securities Industry Association. "But we told Congressmen Dingell and Markey that we would not oppose the bill."

Both Mr. Ruder and Mr. Fitzpatrick, however, voiced skepticism about the effectiveness of the bounty provisions of the bill, and they expressed regret that the new law does not legally define what constitutes insider trading.

Efforts to clamp down on insider trading have gained broad, bipartisan support in the Congress, but the measure was almost scuttled by last-minute politicking in the Senate, where Republicans for a time placed a hold on the bill to press for other legislation they wanted.

The bill is the first response by Congress to the string of major insider trading cases uncovered by the SEC in recent years.

In illegal insider trading, members of the securities industry or corporate executives, for example, trade in securities based on confidential information, such as a pending takeover.

The SEC had urged Congress to issue a legal definition on insider trading, since enforcement now depends on general antifraud provisions in U.S. securities laws and the case law that has developed.

The Securities Industry Association and others argue that the lack of a definition gives prosecutors enforcement powers that are too broad, and does not give traders a clear idea of what is legal and illegal.

But those who opposed including a specific definition in the bill, particularly Mr. Dingell, argued that any definition would make it easier for lawyers and traders to avoid technical violations of the law and create legal loopholes.

David S. Ruder, SEC chairman

The law increases both civil and criminal penalties for insider trading.

For individuals, it will raise the jail term to 10 years per violation, from the current five years, while increasing the fine to $1 million, from $100,000.

For corporations or partnerships, it will increase the fines to a maximum of $2.5 million, from $500,000 currently.

For the first time, the law will make securities firms and their "controlling persons" who "knowingly or recklessly" fail to supervise their employees and prevent insider trading, liable for damages up to triple the amount of illegal profit earned.

The bill will require that firms begin training and supervisory procedures to monitor the trading of their employees more closely and prevent misuse of non-public information.

Japanese Curbs On Computer Networks Eased

By David E. Sanger
New York Times Service

TOKYO — Moving to resolve a bitter high-technology dispute, Japan has said that it would rescind rules that sharply limit the ability of foreign companies — particularly International Business Machines Corp. — to establish private, multimillion-dollar computer networks between Japan and other nations.

Japanese officials said they had reached a draft agreement with the United States after negotiations in Washington. The agreement is expected to be formally approved this week.

While some of the details are still unclear, the agreement appears to calm a heated debate over whether the Japanese government can dictate what kind of communications standards computer companies may use when they build international satellite networks.

These so-called value-added networks involve a complex mix of telecommunications and data-processing services that make it possible, for instance, for an automaker in Tokyo to check on a supply of parts in Cleveland, order them from West Germany and have the system send the bill to Los Angeles — all in a matter of seconds.

The value added lies in the ability of the network to connect disparate computer systems and to perform many computing functions by itself.

Last year, as many of the networks were about to expand so that they could link Japan and the United States, Japanese authorities issued a policy statement saying that all such international networks that include Japan must adhere to standards set by an affiliate of the United Nations, the International Telegraph and Telephone Consultative Committee.

U.S. officials had viewed Japan's action as a delaying tactic, one intended to give its computer and communications giants a chance to catch up in critical software technologies in which, most experts agree, the United States retains a clear lead over Japan.

Thus, the topic quickly became a key issue in the gradual merger of the telecommunications and computer industries.

But on Friday the Japanese backed down, saying that they would not dictate the standards used by the private networks, as long as the network operators made provisions for other companies within Japan to connect to the networks with alternative communications schemes.

"We held to our principle that there had to be some open standards that allowed everyone to join these networks," said an official of Japan's Ministry of Posts and Telecommunications.

A U.S. official involved in the negotiations said, however, that Japan had basically backed away from the standards that it had imposed. But he added, "We preserved some face-saving language for everyone."

Japan also appears to have backed away from its requirement that companies building such networks for clients make them available to anyone who wants to use the service.

That requirement would have allowed Japanese firms running domestic networks to expand their services internationally, through IBM, AT&T and others, without making a huge investment in the technology.

"It would have required we give the Japanese a free ride," one U.S. official said. "That rule is gone now."

But the agreement has vague language saying that the owners of a network cannot act in a "discriminatory fashion" when determining who can buy time on the network, Japanese officials said.

The Japanese have denied that they attempted to impede U.S. entry into the market by adopting the standard. But it is clear that the networking technology is viewed as vital on both sides of the Pacific.

"This is really part of a worldwide debate about whether countries can, or want, to control the flow of information across their borders," said John Stern, who represents many leading U.S. electronics and telecommunications companies in Japan.

The major winner in the accord appears to be IBM, which lobbied heavily behind the scenes to change the Japanese regulations.

The agreement clears the way for the world's largest computer maker *to establish international networks* from Japan using proprietary IBM standards.

IBM officials in Tokyo said that they had not had time to review the details of the agreement, which will be laid out in an exchange of letters between the Commerce Department and Japan's Ministry of Posts and Telecommunications.

Pernod Wins a Ruling In Battle for Distillers

Reuters

DUBLIN — Pernod Ricard, the French beverages concern, has won the latest battle in the lengthy takeover fight for the whiskey maker Irish Distillers Group PLC.

An Irish judge ruled that Pernod, which is opposed by the British hotels and beverages giant Grand Metropolitan PLC, had won an irrevocable promise of a 20-percent stake in Irish Distillers held by the Irish fruit importer FII Fyffes PLC.

Justice Declan Costello said Friday: "I have no doubt that the negotiations had in this case ripened to an agreement."

The chairman of Pernod Ricard, Patrick Ricard, welcomed the Dublin court's decision but stressed that the fight was not over.

"We are very happy to have won this first stage," he said in Paris. "I believe a major hurdle has been cleared with this ruling."

Justice Costello put a seven-day stay on his order for Fyffes to sell the stake, pending an appeal to Ireland's Supreme Court.

Grand Met's wholly owned subsidiary, GC&C Brands, also signaled that the takeover fight is far from finished.

It said in a statement that Pernod Ricard could not claim control of Irish Distillers until Britain's Monopolies and Mergers Commission had concluded its own investigations. The European Commission and Ireland's Fair Trading Commission are also probing the complex case.

Grand Met also said Pernod Ricard owned 5 percent of International Distillers' share capital, while it held a 25.1 percent stake.

But Pernod Ricard said after the court ruling that more than 50 percent of the IDG shares were irrevocably committed to it. That figure would include a 10 percent stake held by Irish Life, an insurance concern.

The managing director of Pernod Ricard, Thierry Jacquillat said, "We look forward to concluding a successful merger with Irish Distillers and building a stronger Irish whiskey industry with substantial growth in international markets."

Irish Distillers dominate the Irish whiskey market with such brands as Jameson, Bushmills, Paddy and Power's. Apart from its pastis drinks Pernod, Ricard and Suze, Pernod is best known for making and marketing Dubonnet, the bourbon whiskey Wild Turkey and the soft drink Orangina.

Pernod has bid 285 million Irish punt ($420.9 million), or 4.50 punt a share, for Irish Distillers. Grand Met countered by offering 332 million punt, or 5.25 punt a share.

U.S. Debt Policy Role Is Questioned

By Peter T. Kilborn
New York Times Service

WASHINGTON — Six years ago, when Miguel de la Madrid was approaching inauguration as president of Mexico, the United States rallied behind him with a $1.8 billion loan to shore up the Mexican economy.

Now, Mr. de la Madrid is leaving and another president-elect, Carlos Salinas de Gortari, will take office Dec. 1. Again, the United States is preparing an emergency short-term loan — this time, of $3.5 billion.

Much has happened in the six years since Mexico's first cry for help signaled the start of periodic debt crises in the developing world.

The big debtor countries are poorer, but some countries' finances have improved, and with that their ability to make payments on debts. Nevertheless, the debts have kept growing; they now exceed $1.2 trillion, about $400 billion more than in 1982.

During these years, the Reagan administration has devised a policy known as the Baker Plan, that amounts to an ideological quiver of carrots and sticks.

In exchange for new loans and easier repayment terms, it has insisted that borrowers adopt growth-oriented policies that would require such measures as changes in tax systems, selling off of government-owned companies and deregulation of their economies.

But this plan, put together three years ago by James A. Baker 3d when he was U.S. Treasury secretary, has met resistance. Many developing countries say such policies interfere with their political goals. And American banks, by and large, have failed to come up with the expanded level of financing envisioned by the administration.

Criticism from Americans and others has been rising. Senator Bill Bradley, Democrat of New Jersey, who advises Michael S. Dukakis,

The debate is still open. No big Western bank has collapsed because of client countries' difficulties in paying off debts, although they have taken losses.

the Democratic presidential candidate, on international economic affairs, is among those who have been saying that steps should be taken to forgive some of the debt.

They want to reduce the burden on borrowers, in contrast to the administration, which emphasizes lending to reduce the strain on lenders and the financial system.

The debate is still open. One reason is that no big Western bank has collapsed because of client countries' difficulties in paying off debts, although they have had to take some sizable losses.

At the same time, the American efforts to rescue Mexico show that some things have not changed in six years. Both loans have been urgent restatements of the Reagan administration's theories about dealing with debtors.

And both illustrate a commitment not only to the developing countries' economies but to political systems in which the United States feels it has a stake — an element of policy evident also in Brazil, Argentina, Peru and Chile, where the United States has married its debt policies to support for transitions from military to civilian rule.

In discussing Mexico, R.T. McNamar, who was deputy Treasury secretary in 1982, said of Mr. de la Madrid and Mr. Salinas: "These are two tremendous men. We didn't want to see anything happen between the election and the inauguration in 1982. And it looks like we don't want anything happening now."

Still, the policies of the Reagan administration and its close collaborator, the Federal Reserve Board, are being challenged by prominent Democrats, by the French, by James Robinson, chairman of American Express, by a score of prominent American economists and by the chairman of the International Monetary Fund, Michel Camdessus.

Much of the debate comes down to the difference between debt forgiveness and debt relief. Under forgiveness, as seen by the Baker Plan's critics, the taxpayers of the leading countries, and not just the banks, would swallow some debt.

Swap Nets a Soccer Star

New York Times Service

PARIS — Philips NV, the giant Dutch electronics company, has traded $5 million in Brazilian debt to buy the contract of a soccer star who will play on a Dutch soccer team that Philips controls.

With the debt, Philips bought the rights to Romario Farias, 24, a center forward on the Brazilian Olympic team who will play for PSV Eindhoven, in Philips's hometown of Eindhoven.

To obtain its goal, Philips had to devise a roundabout play. The company hesitated to repatriate its profits in Brazil because of high taxes, so it decided to use the funds in another way.

Philips paid $4 million to buy Brazilian debt on the secondary market for a 25 percent discount. It then cashed in the debt for Brazilian cruzados — a practice that the Brazilian government encourages. The company then paid the cruzados to Vasco de Gama, the team that owned the rights to the player, so that it could send him to Eindhoven.

Since Brazil is a major producer of soccer stars, some bankers and Brazilian officials joked that selling the rights to Brazilian players could be an effective way to reduce Brazil's debt. In the past year, 18 Brazilian players have signed contracts with European soccer clubs.

Currency Rates

Cross Rates Oct. 21

	$	£	D.M.	F.F.	I.L.	Gldr.	B.F.	S.F.	Yen
Amsterdam	2.019	3.5025	1.1278	0.3298	0.1512 *	—	5.378 *	1.2334	1.5922 *
Brussels (a)	Not Available								
Frankfurt	1.7896	3.151	—	0.2956	0.1341 *	0.8862	4.789 *	1.1815	1.4125 *
London (b)	1.7602	—	3.1323	10.7545	2,348.25	3.5385	65.945	2.6643	222.64
Milan	1,334.00	2,347.40	746.38	218.15	—	661.50	35.564	883.77	10.535
New York (c)	—	1.7855	1.7773	6.099	1,326.50	2.000	37.37	1.593	126.175
Paris	6.118	10.7555	3.4194	—	4.6851 *	3.0216	16.3431	4.0485	4.8292 *
Tokyo	126.75	223.71	70.63	20.55	0.948	62.59	3.3845	80.49	—
Zurich	1.5585	2.6650	0.8409	0.2446	0.1136 *	0.7502	4.0067 *	—	1.1928 *
1 ECU	1.135	0.6595	2.0904	7.0792	1,544.72	2.3533	43.4221	1.7556	144.656
1 SDR	1.3358	0.7585	2.387	8.1683	1,767.53	2.693	50.8649	2.0201	168.728

Closings in London, Tokyo and Zurich, fixings in other centers. New York closing rates.
*a: Commercial franc; b: To buy one pound; c: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	12.12	Fin. markka	4.36	Mex. peso	2280.00	S. Afr. rand	2.442
Austral. $	1.2222	Greek drac.	147.35	N. Zealand $	1.6177	Soviet ruble	0.6146
Austr. schil.	12.50	Hong Kong $	7.8125	Nlg. krone	[illegible]	Span. peseta	117.80
Belg. fin. fr.	38.26	Indian rupee	14.712	Norw. krone	[illegible]	Swed. krona	6.195
Brazil cruz.	488.225	Indo. rupiah	1706.00	Phil. peso	21.20	Taiwan $	28.90
Canadian $	1.202	Irish £	0.677	Port. escudo	148.00	Thai baht	25.365
Chinese yuan	3.7221	Israeli shek.	1.633	Saudi riyal	3.7508	Turkish lira	1682.00
Danish krone	6.90	Kuwaiti dinar	0.2857	Sing. $	2.0075	UAE dirham	3.673
Egypt. pound	2.3129	Malay. ringg.	2.672	S. Kor. won	715.80	Venez. boliv.	37.20

*New York rates unless marked * (local rate)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.7540	1.7482	1.7449	Canadian dollar	1.2039	1.2059	1.2071
Japanese yen	126.20	125.86	125.41	Swiss franc	1.5945	1.4996	1.4933
Deutsche mark	1.7741	1.7684	1.7632				

Sources: Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAII (dinar, riyal, dirham); Gosbank (ruble). Other data from Reuters and AP.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

	Oct. 21	Oct. 14	Ch'ge
United States			
DJ Indus.	2,183.50	2,133.18	+ 2.36 %
DJ Util.	186.70	183.50	+ 1.74 %
DJ Trans.	937.20	916.57	+ 2.25 %
S & P 100	268.15	259.60	+ 3.29 %
S & P 500	283.66	275.50	+ 2.96 %
S & P Ind	324.84	314.70	+ 3.22 %
NYSE Cp	159.42	155.46	+ 2.55 %
Britain			
FTSE 100	1,859.20	1,840.60	+ 1.02 %
FT 30	1,509.20	1,494.00	+ 1.02 %
Japan			
Nikkei 225	27,401.42	27,306.57	+ 0.35 %
West Germany			
Commerzbk	1,616.80	1,602.20	+ 0.91 %
Hong Kong			
Hang Seng	2,581.69	2,593.00	— 0.44 %
World			
MSCIP	468.80	458.10	+ 2.35 %

World Index From Morgan Stanley Capital Int'l.

Money Rates

	Oct. 21	Oct. 14
United States		
Discount rate	6½	6½
Federal funds rate	8⅛	8 11/16
Prime rate	10.00	10.00
Japan		
Discount	2½	2½
Call money	3 13/16	3 15/16
3-month interbank	4 5/16	4⅜
West Germany		
Lombard	5.00	5.00
Call money	4.90	4.75
3-month interbank	5.05	5.05
Britain		
Bank base rate	12.00	12.00
Call money	12⅛	11 15/16
3-month interbank	12 1/16	12 1/16

Gold

	Oct. 21	Oct. 14	Ch'ge
London p.m. fix $	410.25	407.60	+ 0.65 %

NASDAQ National Market

OTC Consolidated trading for week ended Friday. Oct. 21

Sales in 100s	High	Low	Close	Net Ch'ge

EUROBONDS

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(Continued on next left-hand page)

New International Bond Issues

Compiled by G. Jennifer Shapiro

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
FLOATING RATE NOTES						
Bank of China	DM 200	1993	1/16	100	—	Over 3-month Libor. Noncallable. Fees 0.30%. (Commerzbank.)
LKB Finance	DM 500	1995	libor	100	99.65	Interest will be pegged to 6-month Libor. Noncallable. Exchangeable for a 6% bond due 1995. Exchange will be at 100% in May and in Nov. 1989 and at 101 in May and Nov. 1990. Fees 0.35%. (Trinkaus & Burkhardt.)
TMC Mortgage Securities Number 11	£500	2020	0.275	100	—	Over 3-month Libor. Noncallable. Fees 0.40%. (Salomon Brothers Int'l.)
FIXED-COUPON						
Industrial Bank of Japan	DM 100	1998	6¼	101¾	—	Noncallable. Fees 2½%. (IBJ Germany.)
European Investment Bank	£100	1997	10	100¼	99.70	Purchase fund to operate in first 2 years. Fees 1⅞%. (Kleinwort Benson.)
Westland Utrecht Hypotheekbank	DF 100	1992	5¾	101¾	—	Noncallable. Fees 1⅝%. (Algemene Bank Nederland.)
Pirelli Financial Services	ITL 80,000	1992	12	101.65	100.15	Noncallable. Fees 1⅝%. (Credito Italiano.)
Crédit Foncier de France	ECU 60	1994	7⅝	101⅝	—	Noncallable. Fees 1⅞%. (Credit Commercial de France.)
European Investment Bank	ECU 250	1995	7¾	101⅜	—	Noncallable. Fees 1⅝%. Increased from 200 million ecus. (Swiss Bank Corp. Int'l.)
Finnish Export Credit	ECU 100	1994	7⅝	101¼	99.50	Noncallable. Fees 1⅞%. (Societe Generale.)
Ford Motor Credit	ECU 100	1991	7½	101⅜	99.93	Noncallable. Fees 1⅝%. (Morgan Stanley Int'l.)
Istituto Bancario San Paolo di Torino	ECU 100	1991	7⅝	101⅜	99.98	Noncallable. Fees 1⅝%. (Deutsche Bank Capital Markets.)
Sweden	ECU 250	1993	7½	101⅜	99.90	Noncallable. Fees 1⅝%. (Banque Paribas Capital Markets.)
World Bank	ECU 100	1993	7½	101⅜	99.88	Noncallable. Fees 1⅝%. (Long-Term Credit Bank of Japan Europe.)
Creditanstalt-Bankverein	C$75	1993	10¼	101⅜	—	Noncallable. C$50 million issued now and C$25 million reserved for a 3-month tap. Fees 1⅞%. (Creditanstalt-Bankverein.)
Eurofima	C$100	1996	10⅛	101⅜	99.78	Noncallable. Fees 2%. (Paribas.)
Fiat Finance & Trade	C$100	1993	10¼	101.55	99.65	Noncallable. Fees 1⅞%. (Salomon Bros.)
Ford Motor Credit Canada	C$100	1993	10¼	101.80	99.90	Noncallable. Fees 1⅞%. (Deutsche Bank.)
Genfinance Luxembourg	C$100	1993	10⅛	101⅜	—	Noncallable. Fees 1⅞%. (Union Bank of Switzerland.)
New Brunswick Province	C$100	1998	10½	101⅜	98.98	Noncallable. Fees 2%. (UBS.)
Swedish Export Credit	C$100	1990	10⅛	101.20	—	Noncallable. Fees 1⅞%. (Bankers Trust Int'l.)
Winnipeg City	C$75	1993	10¼	101⅜	99.35	Noncallable. Fees 1⅞%. (Wood Gundy.)
World Bank	C$150	1993	10¼	101⅜	100.28	Noncallable. Fees 1⅞%. (IBJ Int'l.)
Australia & New Zealand Banking Group	Aus$50	1991	14⅛	101⅜	100.75	Noncallable. Fees 1⅝%. (ANZ Merchant Bank.)
Australian Telecommunications Commission	Aus$150	1992	12½	98⅝	96.93	Exchangeable for a domestic bond with same maturity and coupon. Fees 1⅞%. (Samuel Montagu & Co.)
Banque Nationale de Paris	Aus$60	1991	14	101⅜	100.48	Noncallable. Fees 1⅝%. (Barclays de Zoete Wedd.)
Bank of Nova Scotia	Aus$75	1990	14⅛	101⅛	100.30	Noncallable. Fees 1⅛%. (Salomon Bros.)
BP America	NZ$60	1990	14⅛	101⅜	100.35	Noncallable. Fees 1⅝%. (Hambros Bank.)
Bergen Bank	Y12,500	1992	7⅛	101⅜	—	Callable and redeemable in 1991, with redemption amount then and at maturity linked to the level of the Nikkei 225 stock index. Fees 1⅝%. Denominations 50 million yen. (Nippon Credit Int'l.)
Komatsu Overseas Finance	Y15,000	1993	6.80	102	—	Coupon will be payable in Australian dollars. Noncallable. Fees 2%. Denominations 100 million yen. (Bankers Trust Int'l.)
World Bank	Y50,000	1993	4⅝	101¼	—	Noncallable. Fees 1⅝%. (Yamaichi Int'l Europe.)
EQUITY-LINKED						
Nippon Storage Battery	$50	1992	open	100	97.75	Coupon indicated at 5⅝%. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Terms to be set Oct. 25. Fees 2½%. (Nikko Securities Europe.)
SMK	$60	1992	open	100	97.50	Coupon indicated at 5⅝%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2½%. Terms to be set Oct. 25. (Wako Int'l.)
Tokyo Electron	$150	1992	open	100	99.13	Coupon indicated at 5%. Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2½%. Terms to be set Oct. 25. (Nomura Int'l.)
Dynic	DM 60	1993	2¾	100	94.75	Noncallable. Each 5,000-mark note with one warrant exercisable into company's shares at 1,312 yen per share and at 71.04 yen per mark. Fees 2½%. (Deutsche Bank.)
Hokuriku Electric Industry	DM 100	1993	2¾	100	96.50	Noncallable. Each 5,000-mark note with one warrant exercisable into company's shares at 792 yen per share and at 70.97 yen per mark. Fees 2½%. (Nomura Europe.)

Mountains of Cash on the Move for Takeovers

By Carl Gewirtz

International Herald Tribune

PARIS — A striking feature of the current low-inflation, high-real-interest-rate environment is the enormous amount of cash available on short notice to finance corporate takeovers. This abundance was on the move last week to finance the Philip Morris offer for Kraft Inc. as well as part of RJR Nabisco's drive to become a private company.

Philip Morris's takeover bid is valued at $11.5 billion. But in the matter of a few days, the company's request for a five-year credit of $12 billion was more than four times oversubscribed, bankers report.

The loan, arranged by Citicorp, carries an annual facility fee of 10 basis points, or 0.1 percent, which is to be paid on the full amount whether it is used or not. Interest on the loan is set at 25 basis points over the London interbank offered rate.

Citibank and Bankers Trust are together organizing a loan of some $7 billion as part of the $17.6 billion total financing being arranged by Shearson Lehman Brothers to privatize RJR Nabisco.

Also last week, European banks led by Samuel Montagu provided a $2 billion credit to News International Co. to finance its proposed $3 billion acquisition of U.S.-based Triangle Publications Inc.

The bank loan is evenly split between a short-term facility and a five-year credit. Interest on both is set at 50 basis points over Libor with a commitment fee on undrawn amounts of 37½ basis points.

All this comes on top of the $6 billion loan put together earlier this month to finance Grand Metropolitan's contested bid for Pillsbury and the £1.4 billion lent to Minorco for its hostile offer for Consolidated Gold Fields.

Economists take a relaxed view of the easy availability of bank funding. The deregulation in financial markets over the past decade, they say, has facilitated the capacity of banks to raise funds in one market and lend them out in another.

At the same time, the capacity of the acquiring company to subsequently issue junk bonds to repay

INTERNATIONAL CREDIT

the bank debt means that the banks *are only providing short-term financing.*

In addition, says Dwight Jaffee, professor of economics at Princeton University, the liquidity should be viewed as a "circulating pool."

"Company A borrows from the *banks to buy company B, but B's* shareholders deposit the funds they receive with the banks," he explained. Mr. Jaffee added that "deregulated markets allow that pool to circulate more rapidly."

Peter Oppenheimer, economics professor at Oxford, says the only question to ask is why companies are willing to borrow when real interest rates are still so high. The obvious answer, he says, is that businessmen see their takeover targets as assets that are undervalued in the public market.

Nevertheless, Mr. Oppenheimer sees "elements of unhealthiness."

"Whenever there is a splurge in lending you have got to ask whether those who are gearing themselves up with debt could become overindebted and go bankrupt. That has got to be a risk."

In the more mundane arena of medium-sized, medium-term syndicated bank loans, last week saw these companies enter the market:

- Framatome, the French builder of nuclear power stations, appointed J.P. Morgan, Banque de l'Union Européenne and Barclays to arrange a five-year credit of $250 million, or the equivalent in French francs. The life of the facility can be extended to seven years.

Interest is set at 10 basis points over Libor or 12½ basis points over the Paris interbank rate if up to half the amount is drawn and 15 or 17½ basis points over the respective base rates if more than half is used.

- Interhome Energy of Canada, *an integrated energy company 48* percent owned by Exxon and Olympia & York, named Credit Suisse First Boston to lead a $200 million note issuance facility for eight years. The annual underwriting fee is 10 basis points and the *interest margin is set at 10 basis* points over Libor. If more than half the amount is drawn there will be an additional utilization fee of 7½ basis points.

- Trelleborg, a Swedish industrial group, named Bank of America *to arrange a $150 million,* five-year credit. The company will pay an annual facility fee of 6¼ basis points. Interest is set at 7½ basis points over Libor but this rises by 5 basis points if more than one third is drawn and by 7½ basis points if more than two thirds is drawn.

- Agusta, the Italian aerospace firm owned by the state holding company Efim, named Citicorp to arrange a $100 million, seven-year credit with interest set at 20 basis points over Libor. There is a commitment fee of 10 basis points if less than half is drawn down and 8½ basis points if more than half is drawn.

- Bharat Heavy Electricals Ltd., owned by the Indian government, named Sanwa Bank to arrange a $100 million credit for 10 years. *Half is a tax-spared loan bearing* interest at Libor and half is a normal credit with interest at 25 basis points over Libor.

The central bank of Turkey is also in the market refinancing a one-year export-financing credit of *$100 million.* Interest is set at 75 basis points over Libor or the higher of Chemical Bank's prime rate minus 15 basis points or the Federal funds rate plus 50 basis points.

Although Turkey has established a Euro-commercial paper program, where it raises money at some 40 basis points over Libor, only some $40 million is outstanding — meaning that for large sums the country still has to pay the higher rates in the syndicated loan market.

Two private Turkish banks are also in the market. Iktisat Bankasi is seeking $30 million for one year offering 1 percentage point over Libor and a front-end fee of ½ percent. Yapi ve Kredi Bankasi is seeking $50 million for one year with interest at ⅞-point over Libor and front-end fees of 60 basis points.

In other business, J.P. Morgan has arranged the sale of subordinated perpetual capital notes for two companies — $400 million for KLM and $200 million for Bull, the French government-owned computer company.

While the structure is broadly similar to that used by Merrill Lynch for Rhône-Poulenc and Crédit Lyonnais — perpetual notes are sold to the arranger which repackages them as dated securities backed by zero-coupon bonds — Morgan has substituted U.S. Treasury zeroes favored by Merrill with zero-coupon bank deposits.

As the bank deposits are not as costly as U.S. government paper, Bull and KLM forgo less of the initial proceeds to purchase the zeroes. The higher net proceeds would be especially important for KLM since holders of the "perpetuals" will be repaid after 12 years.

Interest on Bull's perpetuals is 85 basis points over Libor while KLM's pay 25 basis points over Libor for the first five years and 45 basis points thereafter. These rates are well below the 100-point margin paid by Rhône-Poulenc and the 105 basis points paid by Crédit Lyonnais.

But bankers warned that since no information is available on front-end fees paid to subscribers there is no way to measure whether the net costs to the issuers differ significantly.

Argentina Trims Curbs On Imports

Reuters

BUENOS AIRES — Argentina has launched a controversial plan to open its economy through a reduction in import restrictions.

The new plan will radically alter Argentina's economy, which has traditionally favored the internal market to the detriment of foreign trade, economic analysts said. They said the plan allowed free import of products without prior authorization from the government or the industrial sector.

The business community opposed the plan, warning that foreign competition would destroy weak local industries. But the government said that the move would, in the longer term, boost exports.

President Raúl Alfonsín said Friday, "We must find the means not only of producing for ourselves but of seeing the world also as an opportunity."

The Economy Minister, Juan Sourrouille, said the plan was "a new step in the country's economic integration with the world."

Business sources compared the plan with a similar one introduced by the former military government.

Through the plan, the average import tax on about 2,000 products, *mostly raw materials for the* industrial sector, will be 30 percent.

The government said local industries would be protected through periodic devaluations of the austral, Argentina's currency, against the dollar,

Argentine exports in the first seven months of 1988 were worth $4.7 billion, while imports during that period totaled $3.04 billion.

Government officials said an improved trade balance would help lessen the burden of Argentina's $56 billion foreign debt.

OPEC: Iran-Iraq Dispute Stymies Plan

(Continued from Page 1)

oil expert in Vienna. "Even if they reach a solution by the end of the year, oil companies have built stocks of cheap oil to keep oil prices down for a long time. The only thing that will keep prices from collapsing now is the faint hope of an OPEC accord in November."

Iran had earlier led a number of ministers to believe that the country would accept the output plan if it were packaged in order not to appear as a victory for Iraq. The nations remain wary of each other despite a cease-fire agreement that has suspended their military conflict since August.

The output quotas used by OPEC, which give each member a certain percentage of total output, have been based on a formula in existence since 1986. But individual quotas have been exceeded in recent months and many OPEC members have been producing well above their official ceilings.

Iran has consistently refused to yield to requests by the Arab group of Gulf oil producers, led by Saudi Arabia, to allow an increase Iraq's official quota from a theoretical 1.6 million barrels a day — which Iraq has never accepted — to 2.3 million barrels a day.

Iran has contended that the size of its population, which is three times that of Iraq, should allow it to have a much percentage of total OPEC output than Iraq.

While the two nations remained at odds, Iraq has continued to pump as much as 2.7 million barrels of oil a day, making it the second largest OPEC producer, after Saudi Arabia.

In an attempt to offer Iraq a form of parity, Iran suggested a scheme in which domestic consumption of both nations would be excluded from their OPEC quotas.

But Iraq rejected the plan because Iran says it has domestic consumption of 1 million barrels a day and claims that Iraq's domestic consumption stands at only 300,000 barrels. Oil industry sources say Iraq's actual domestic consumption is around 400,000 barrels, while Iran's consumption is between 600,000 and 700,000 barrels.

Iraq has said privately that it would not accept "one liter less than Iran" in any quota system. The impasse has split OPEC for the past two years.

Nevertheless, faint hopes for an eventual agreement remained alive. Speaking in an interview early Sunday, the Iranian oil minister Gholamreza Aqazadeh said his country cannot accept "straight parity with Iraq," suggesting some face-saving formula may be found to prevent any agreement from looking like another political setback for Iran.

"We will not accept parity as parity," the Iranian said. "If it comes to that, my country which *has suffered from low oil prices* during the war can probably tolerate them during the peace, too."

OPEC ministers said they would meet to try again for an accord between the belligerents in Vienna on Nov. 17. Many said what is needed is a compromise formula that Iran can live with, but that will give Iraq parity.

A number of oil industry officials said this may be difficult, arguing that until it happens OPEC output is still at record levels for the past five years and will continue to push prices down. They also noted OPEC has a number of other discipline problems that must be addressed, including the rampant output of the United Arab Emirates.

Social Security Benefits To Increase 4% in U.S.

Washington Post Service

WASHINGTON — The nation's 38.5 million elderly and disabled Social Security beneficiaries will receive a 4 percent cost-of-living increase in their benefits in 1989, the Social Security Administration has announced.

The benefit for the average retired worker will rise from $516 a month to $537. Also receiving 4 percent increases will be civil service and military retirees, railroad retirees and some veterans.

EUROBONDS: *U.S. Dollar Issues Prove Unpopular*

(Continued from first finance page)

professional investors to buy and sell the large blocks in which they are accustomed to dealing.

In an effort to overcome this handicap, bankers are trying to add depth to the secondary market by bringing new issues that are fungible, or interchangeable, with existing bonds. The latest example of this was Crédit Foncier, which last week offered 60 million ECU ($51.8 million) of 7⅝ percent bonds maturing in 1994.

Crédit Foncier in early 1987 sold 150 million ECU of 7⅝ percent bonds maturing in 1994 and in two stages earlier this year added another 120 million ECU. The latest addition raises the amount outstanding to 330 million ECU, making it the second largest ECU bond after the giant European Community issue of 500 million ECU.

Lack of liquidity has also kept institutional investors away from Australian dollar Eurobonds, and in an effort to address this situation Samuel Montagu arranged a 150 million Australian dollar issue for the Australian Telecommunications Commission that is exchangeable into a domestic issue.

The Eurobond has the same terms — a coupon of 12½ percent maturing in 1992 — as the domestic bonds of ATC, of which 508 million Australian dollars are outstanding, making it one of the largest domestic corporate issues. Thus, holders of the Eurobond who want to sell but can't because the market is too thin can convert to a domestic bond and sell it in the Australian market.

The exchange, however, is a bit complicated. Interest on the Eurobond is paid annually, and it is paid semi-annually on the domestic issue. Thus, an adjustment has to be made to account for this difference.

The accrued interest then has to be netted — the amount earned on the Eurobond is sold, and the amount to be paid on the domestic issue is purchased. Since domestic interest is paid semi-annually, the investor selling the Eurobond in the second-half of the year would be entitled to a cash payment from Telecom on the Eurobond's accrued interest.

The cost of making all these calculations is an administration fee of 5 basis points. Supposedly all this will be unnecessary since the knowledge that the bonds can be exchanged should result in a very liquid market for the Eurobond. "The aim," a Montagu official said, "is to bring the liquidity of the domestic market to the Eurobond market."

However, because the Eurobond is exchangeable and because interest is paid free of the domestic 10 percent withholding tax, it was priced to yield some 25 basis points below the current yield on the domestic issue.

Critics said that was too expensive. But spokesmen at Montagu dismissed the criticism as back-biting. The view at Montagu is that ATC's government-guaranteed Eurobond is still yielding 40 basis points more than Australian government bonds, and is about as liquid as government paper.

Weaker Dollar Puts a Dent in Prices

Compiled by Our Staff From Dispatches

NEW YORK — Bond prices finished mixed last week, leaving analysts with divergent views about short-term trends.

Philip Braverman, chief economist of Irving Trust Securities, said bond prices were experiencing a setback based in part on a weaker dollar; fears that the Federal Reserve, the U.S. central bank, would be forced to tighten credit; and higher oil prices.

But Mr. Braverman, in his weekly credit market report, said he expected that the dollar would stabilize, oil prices would weaken and the Fed would not find it necessary to raise interest rates in the near term.

Securities dealers said Friday that many investors and speculators were waiting on the sidelines to see whether Congress passes legislation enabling the government to sell new bonds for the first time since May.

Treasury bond prices ended mixed. The price of the Treasury's bellwether 9¼ percent bond that matures in 2018 rose slightly to 102 19/32 from 102 12/32. Its yield, which moves inversely to price, declined to 8.87 percent from 8.90 percent the previous Friday.

The government's latest 10-year notes ended the week at a price of

U.S. CREDIT MARKETS

102 24/32, down from 102 26/32 the week before. The yield on the notes rose to 8.82 percent from 8.81 percent.

The Shearson Lehman Hutton Inc. index of long-term Treasury bonds fell 2.34 points to 1,254.20.

The rate charged on overnight loans between banks, the Federal funds rate, rose to about 8.25 percent from 8.06 percent, according to Salomon Brothers Inc.

The market reacted little to Friday's report on consumer prices for September. Higher food and clothing costs pushed the consumer price index up a seasonally adjusted 0.3 percent in September, compared with increases of 0.4 percent in July and August.

"Really what the report did was suggest that there hasn't been any significant break in the rate of inflation," said Douglas Schindewolf, an associate economist for Smith Barney, Harris Upham & Co.

"Bond yields at current prices seem to be reflective of that inflation rate. Until something happens to make it look like that trend has been broken, the market will probably remain in the same trading range it has been in for much of the year," he said.

At the close of the markets Friday, nothing had been concluded on the tax bill, which contains a provision that would allow the Treasury Department to proceed with a 30-year bond offering at the quarterly refunding in November.

Robert Guzman, a bond market analyst at Salomon Brothers, said the week was "pretty quiet" until Thursday, when RJR Nabisco Inc.'s management disclosed it was considering purchasing the company in a $17 billion leveraged buyout.

(UPI, NYT)

Euromarts At a Glance

Eurobond Yields

	Oct. 19	Oct. 12
U.S. $ long term, 8 yrs & over	9.22	9.25
public issuers, 8 yrs & over	9.31	9.35
other issuers, 8 yrs & over	9.36	9.46
other issuers, 5 to 7 yrs	9.34	9.38
Pounds sterling, 5 to 7 yrs	10.21	10.47
French francs, less than 5 yrs	8.85	8.67
ECUs, 8 yrs & over	[illegible]	[illegible]
5 to 7 yrs	7.76	7.84
Can. $, 5 to 7 yrs	10.38	10.40
Aus. $, less than 5 yrs	13.74	13.69
N.Z. $, less than 5 yrs	13.56	13.88
Yen, 8 yrs & over	[illegible]	[illegible]
5 to 7 yrs	5.18	5.17

Source: Luxembourg Stock Exchange.

Weekly Sales — Oct. 20

Primary Market

	Cedel $	Cedel Nmbr	Euroclear $	Euroclear Nmbr
Straights	[illegible]	[illegible]	[illegible]	[illegible]
Convert.	[illegible]	[illegible]	[illegible]	[illegible]
FRNs	[illegible]	[illegible]	[illegible]	[illegible]
ECP	[illegible]	[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]	[illegible]	[illegible]

Secondary Market

	Cedel $	Cedel Nmbr	Euroclear $	Euroclear Nmbr
Straights	[illegible]	[illegible]	[illegible]	[illegible]
Convert.	[illegible]	[illegible]	[illegible]	[illegible]
FRNs	[illegible]	[illegible]	[illegible]	[illegible]
ECP	[illegible]	[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]	[illegible]	[illegible]

Source: Euroclear, Cedel.

Libor Rates — Oct. 21

	1-month	3-month	6-month
U.S. $	[illegible]	8 11/16	8 11/16
Deutsche mark	[illegible]	[illegible]	[illegible]
Pound sterling	12 1/16	[illegible]	12 1/16
French franc	[illegible]	[illegible]	[illegible]
ECU	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]

Source: Morgan Guaranty, Lloyds Bank, Reuters.

U.S. Consumer Rates — Oct. 21

Tax Exempt Bonds — Bond Buyer 20-Bond Index	7.45%
Money Market Funds — Donoghue's 7-Day Average	7.77%
Bank Money Market Accounts — Bank Rate Monitor Index	[illegible]
Home Mortgages, FHLB average	[illegible]

Source: New York Times.

Treasury Bonds — Oct. 21

Maturity	Close Bid	Close Ask	Yield	Wk-ago Yield
[illegible]	[illegible]	[illegible]	8.37	8.32
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source: Salomon Inc.

Wall Street Review

NYSE Most Actives

Vol.	High	Low	Last	Chng.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMEX Most Actives

Vol.	High	Low	Last	Chng.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NYSE Sales

	Sales Vol.
Total for week	[illegible]
Week ago	[illegible]
Year ago	[illegible]
Two years ago	[illegible]
Jan 1 to date	[illegible]
1987 to date	[illegible]
1986 to date	[illegible]

AMEX Sales

	Sales Vol.
Total for week	[illegible]
Week ago	[illegible]
Year ago	[illegible]
Jan 1 to date	[illegible]
1987 to date	[illegible]

NYSE Diaries

	This Wk.	Last Wk.
Advanced	[illegible]	[illegible]
Declined	[illegible]	[illegible]
Unchanged	[illegible]	[illegible]
Total Issues	[illegible]	[illegible]
New Highs	[illegible]	[illegible]
New Lows	[illegible]	[illegible]

AMEX Diaries

	This Wk.	Last Wk.
Advanced	[illegible]	310
Declined	[illegible]	472
Unchanged	[illegible]	243
Total Issues	[illegible]	1025
New Highs	[illegible]	36
New Lows	[illegible]	40

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

(Continued)

American Exchange Options

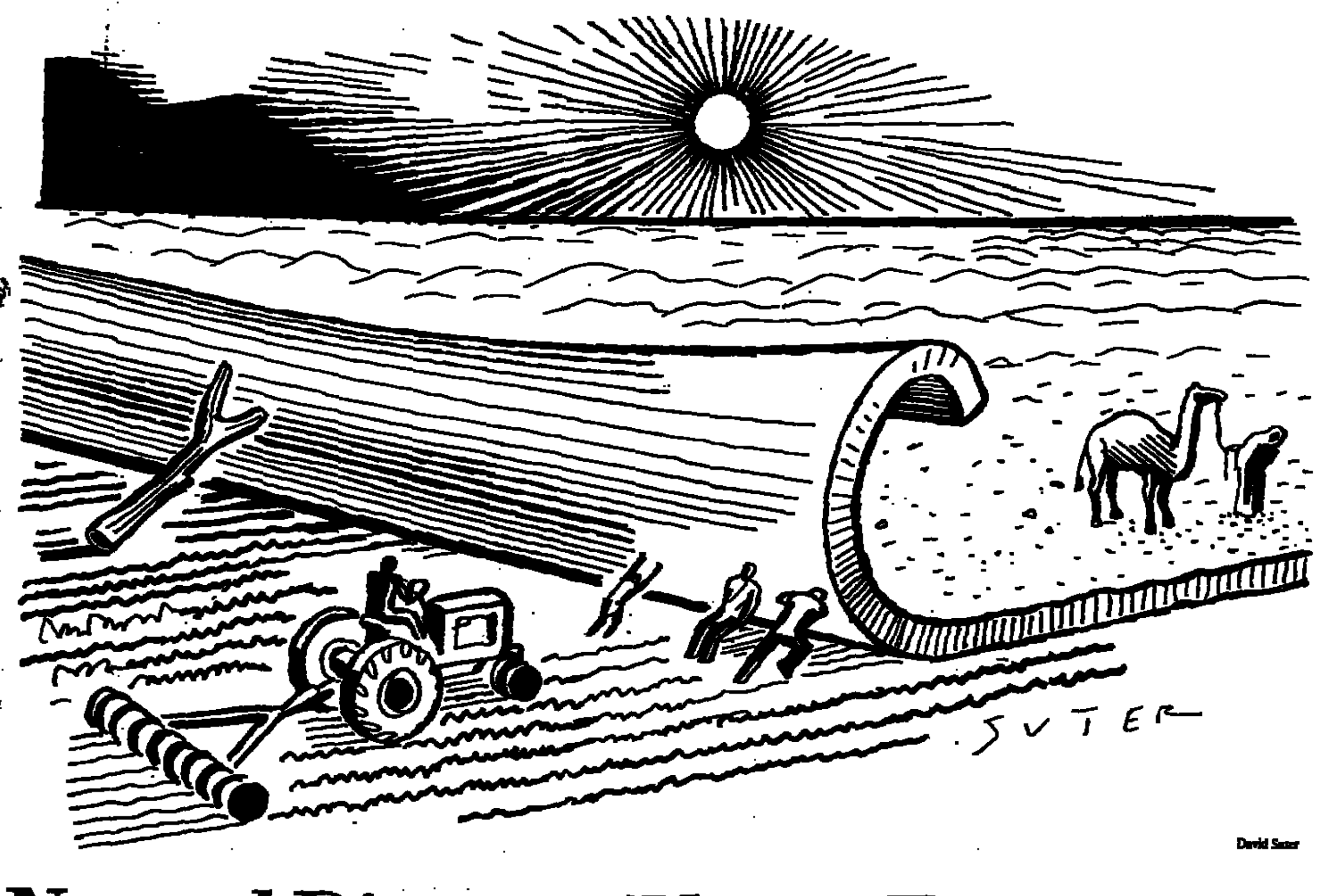
Figures as of close of trading Friday. Oct. 21

Chicago Exchange Options

Figures as of close of trading Friday. Oct. 21

International Herald Tribune Special News Report Monday, October 24, 1988

West Africa: Balancing Extremes



David Suter

Natural Disasters Plague Economy

By Maryann Fitzgerald

ACCRA — At Oualata in northern Mauritania there are two projects being carried out simultaneously. One is to dig out the town's mosque that is threatened by encroaching Saharan sand. The other is to excavate channels to divert flooding caused by unseasonal rain.

Mauritania, like the rest of West Africa, is plagued with disasters of biblical proportions.

This year's heavy rain has delayed Ghana's district council elections because of floods in the north and west of the country, officials said. Sierra Leone appealed for international food aid on Sept. 30, because its entire harvest was destroyed by the worst floods in decades. And floods have damaged crops in northern Kano State in Nigeria.

Unusually wet years, such as 1988, are harbingers of locusts, whose eggs thrive in moist soil. West Africa may be on the edge of its worst locust plague in 30 years. This October, the month of harvest, locusts moved southwest from Mauritania, Niger and Mali into Senegal in swarms so vast that they clouded the sky for three hours. Locusts eat their own weight in food daily and cut a swathe of devastation wherever they go.

The rains have relieved 15 years of drought. In the Sahel, it brought millions of people so close to catastrophe that it will take at least a generation for many families to recover. It also put the coastal countries into food deficit.

In Ghana, the famine was sharpened by bush fires that destroyed what little was left in the fields. Ghanaian diplomats who attended the 1983 Organization of African Unity summit meeting in Addis Ababa were shipping home sacks of potatoes and tomatoes from drought-stricken Ethiopia.

What is normal, drought or flood? "Both," said Ben Khader, the United Nations Food and Agriculture Organization representative based in Dakar. "It's impossible to predict the climate long term. We can more or less be sure of about three years ahead. That's all."

The caprice of the elements exacerbates the already difficult task of long-term food strategy. For instance, good rains brought Ghana a bumper food harvest with a surplus of maize, but there is nowhere to store it. Ghana could export to neighboring Burkina Faso, where there is a chronic food shortfall. But the road is bad and there is no rail connection. It is cheaper for Burkina Faso to import from France. In Senegal, imported corn costs half the price it does to grow locally.

Mali, one of the poorest countries in the world, has raised the minimum producer price and liberalized commercial grain sales to encourage farmers who have become reliant on food aid to grow their own crops. The cost of feeding the drought-stricken nation had soared because the government was buying the grain, transporting it over bad roads to store in towns and then transporting it back to

Continued on page 13

Region's Integration Efforts Are Slowed by Recession

'Salvation lies in our individual and collective will to transform our economies by ourselves.'

By Gerald Bourke

ABIDJAN — The recent controversy over the dumping of toxic waste in West Africa was something of a political windfall for the region's leaders, creating a chance for a display of collective indignation and prompting a flurry of national laws to prevent such practices.

In the 30 years since the countries in the region achieved independence, there has been no shortage of lofty official pronouncements about the need to pull together. Yet most attempts at cross-border cooperation have foundered.

The latest casualty is Air Afrique, the carrier owned by 10 French-speaking West and Central African countries. With operational losses and debts at record levels, responsibility for running the region's biggest home-grown multinational is about to be handed over to a Frenchman. The airline was set up 27 years ago as a symbol of political and economic solidarity, but member states consistently failed to honor their capital subscriptions; ministers parachuted compatriots onto the staff; and government officials traveled free.

Governments may be battening down the national hatches, but they continue to pay lip service to the notion of regional cooperation and integration.

President Ibrahim Babangida of Nigeria, the outgoing chairman of the 16-nation Economic Community of West African States, or ECOWAS, which was created to promote trade and self-reliance in the region, told fellow heads of state during a summit meeting in Lomé, the Togolese capital, last June: "It is obvious that our salvation lies in our individual and collective will to transform our economies by ourselves."

During a subsequent, no-holds-barred speech, the man who assumed the chairmanship, Sir Dawda Jawara of Gambia, scolded member states for failing to come to grips with regional issues and consistently failing to meet the objectives of the organization they set up in 1975.

"Progress has been painfully slow, as year after year new targets are set and we move from the problematic to what is in danger of becoming the unattainable," he said.

The problem derives partly from the huge disparities between the former British, French and Portuguese colonies that make up the group. Sir Dawda and Major General Babangida may speak the same language, but their countries have little else in common. Gambia is a multiparty democracy where a few hundred thousand people scratch a meager living off the land. Nigeria is ruled by the military, the well-being of its 100-million-plus population largely dependent on the fortunes of the oil industry.

To compensate for differences in size and structure, considerable energy has been devoted to the establishment of small, subregional groupings — the theory being that geographical proximity and a certain degree of homogeneity will help forge deeper links and accelerate the pace of integration.

But most of the 30 or so practical experiments have been disappointing. The Mano River Union, set up by Guinea, Liberia and Sierra Leone to encourage joint development projects, has been plagued by problems. Political squabbles — like that which erupted recently when Liberia expelled more than 100 Sierra Leoneans — can undo at a stroke initiatives that may have taken years of painstaking negotiation. Now the organization is on the verge of collapse owing to the failure of its members to pay up pledged financial contributions.

THE Senegal River Basin Development Authority, which groups Mali, Mauritania and Senegal, has never wanted for money to finance its ambitious plans. Foremost among them was the $575 million Manantali Dam, 1,000 kilometers (600 miles) upriver, commissioned last March.

Conceived in 1972 as a way to roll back the Sahara Desert, turn chronic food-deficit countries into bread baskets and supply the region with electricity, the most expensive development project ever undertaken in the Sahel, the semidesert fringe of the Sahara that extends from Mauritania to Chad, has not come close to achieving any of these objectives. Only one — the conversion from rainfed to irrigated agriculture along the river banks — is now being pursued.

Fifty thousand hectares (123,000 acres) of land — 15 percent of the original target — has been developed, but a third of that remains unused. Farmers' incomes have not risen above subsistence level, and many have reverted to traditional pasturing practices. Given that it costs $18,000 to transform a hectare, it is unlikely that much more will be developed.

Such failures are largely understandable. West African countries, most of them among the poorest in the world, are in the throes of the deepest economic recession since independence.

With commodity prices continuing to tumble, their dependence on a narrow range of vulnerable exports has proven to be little short of catastrophic. Few are able to repay the loans that they took out to launch industry and infrastructure programs when markets were kinder.

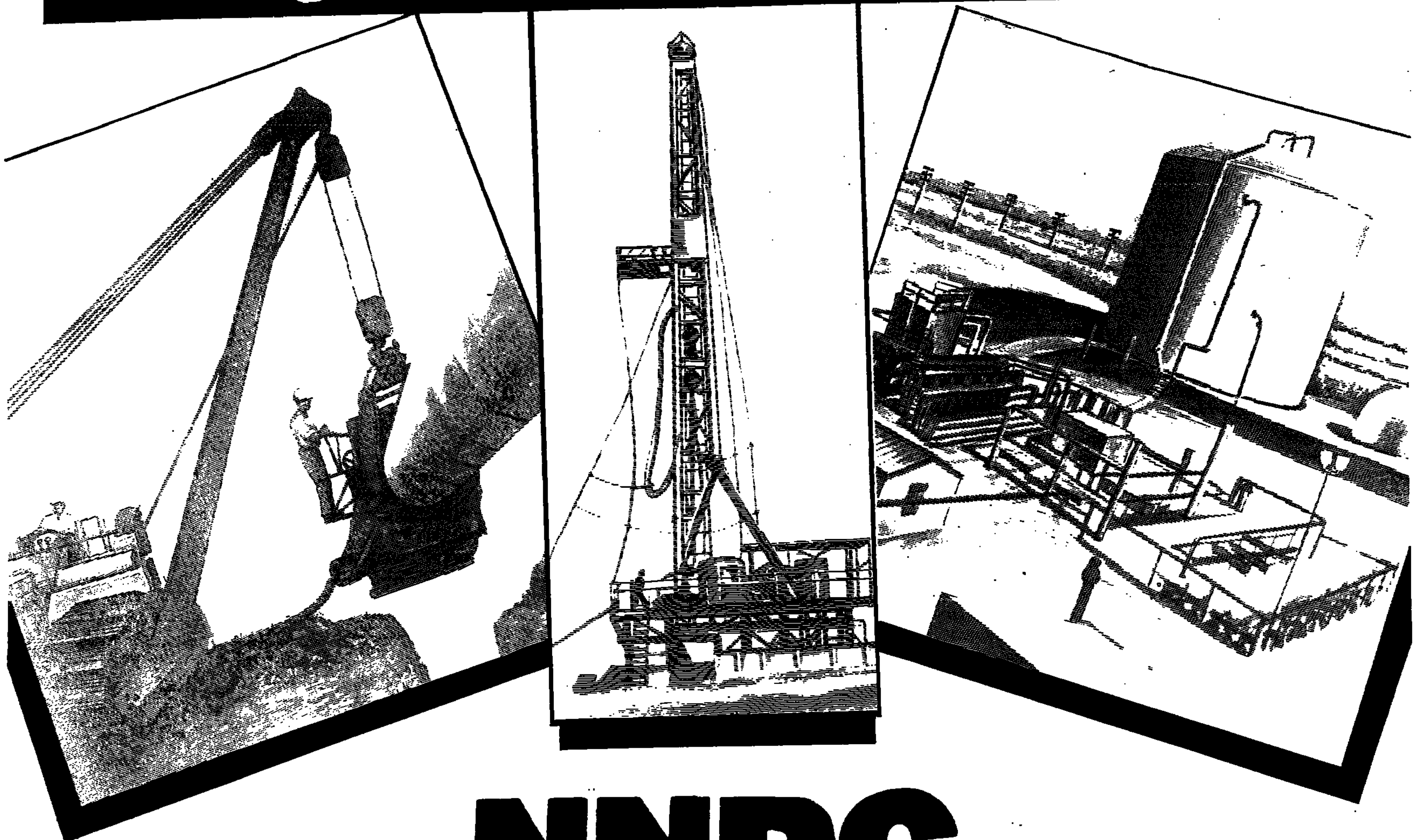
What little industry exists is starved of the foreign exchange needed to import raw materials and spare parts. And when the vagaries of a hostile climate — which inflicts drought, flooding and locust infestations in turns — are added, the cocktail assumes poisonous proportions.

The antidotes prescribed, or at least inspired, by the International Monetary Fund have yielded more resentment than results. Devaluations, tax hikes and spending cuts may improve efficiency, but they slow expansion.

West Africa's gross domestic product fell by 0.6 percent in 1986 and grew by just that margin last year, according to the United

Continued on page 13

Meeting the worldwide Gas demand...



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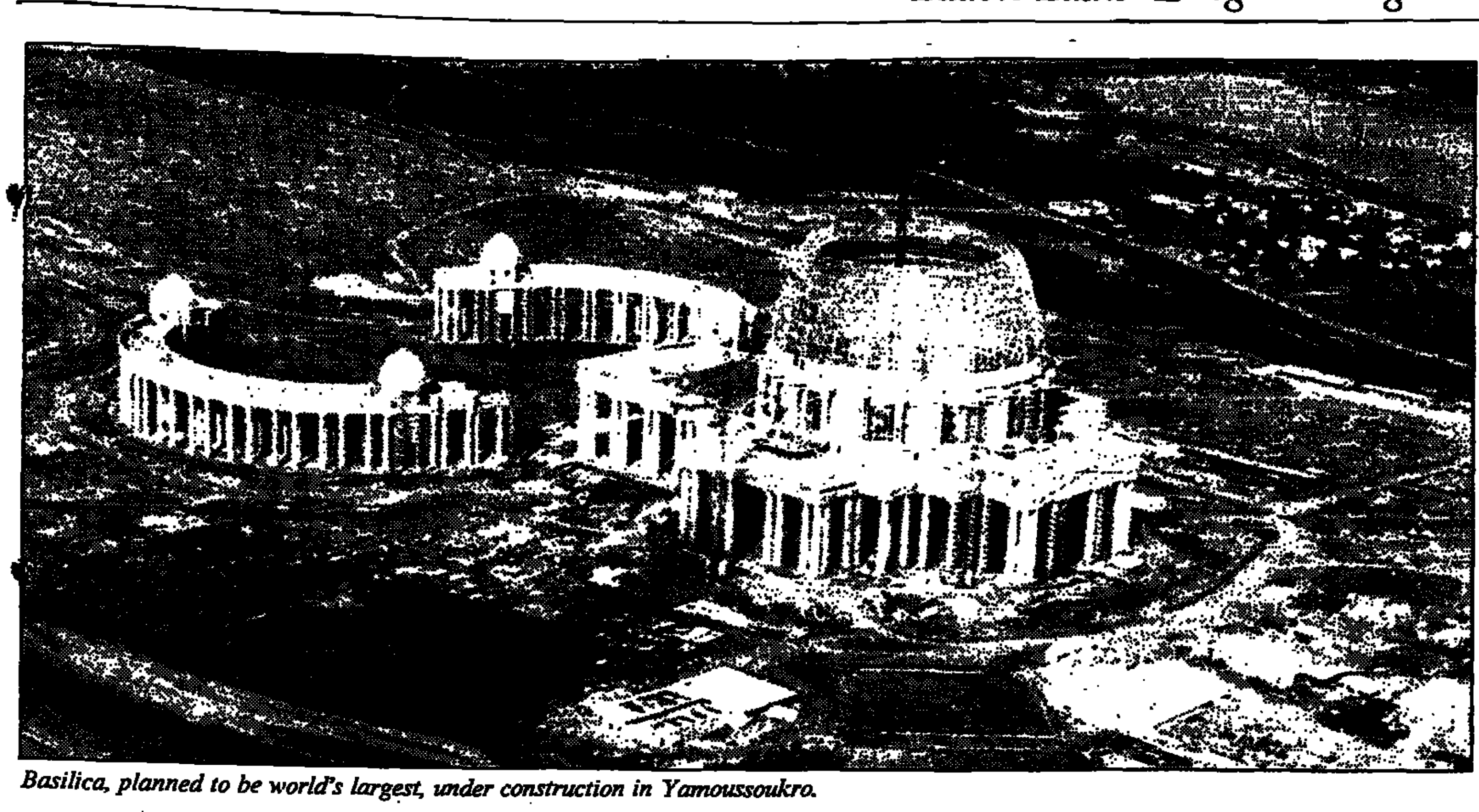


Basilica, planned to be world's largest, under construction in Yamoussoukro.

CFA Franc Resisting Devaluation Pressure

By Terry Bell

LONDON — The CFA franc, the common hard currency of most of French-speaking Africa, and tied since 1948 to the fortunes of the French franc, is overvalued. About this there is general agreement. But while this fact has triggered heated debates about the advisability and perceived merits of devaluation, the historic 50:1 exchange rate ratio is almost certain to stay, at least until 1992.

This is despite the substantial pressure being exerted, primarily from within the International Monetary Fund and World Bank, both of which favor devaluation as an essential tool for structural adjustment programs in debt-ravaged African states.

Even Britain's The Economist magazine has called for an "all together" devaluation in the franc zone, to create a closer relationship between the franc of the Communauté Financière Africaine and the often heavily devalued currencies of neighboring states.

But although the French finance minister, Pierre Bérégovoy, promised at the franc zone ministerial conference before the recent IMF/World Bank congress in West Berlin that there would be no devaluation, the rumors persist. Part of the reason — one to which even Mr. Bérégovoy has admitted privately — is that the currency is overvalued and causes a considerable drain on the French Treasury.

However, like so many of the arguments advanced for devaluation, the "considerable drain" on France is highly relative and usually overstated.

For example, in money supply terms, the 13 CFA countries — Benin, Burkina Faso, Ivory Coast, Mali, Niger, Senegal, Togo, Cameroon, the Central African Republic, Chad, Congo, Equatorial Guinea and Gabon — together account for only about 4 percent of the total French money supply.

And although the two accounts maintained for the zone — the first seven countries constitute the West African and the remainder the Central African account — are both in deficit, they have in the recent past both been in credit.

The CFA countries and Ivory Coast, in particular, have been hit severely by the collapse in commodity prices, most of which are denominated in still relatively weak U.S. dollars. This has led to the situation where farm gate prices for cocoa far exceed foreign exchange revenues for the commodity.

On World Bank calculations, Ivory Coast stands to lose at least 100 billion CFA francs ($312 million) this year on cocoa sales of 600,000 tons. But cocoa production in the country is mainly in the hands of small peasant producers who also grow other crops and are relatively self-sufficient.

President Félix Houphouët-Boigny of Ivory Coast has, therefore, been able to cut the guaranteed producer price from 400 CFA francs to 320 CFA francs without fear of internal upheavals. He could, and probably will, cut this price further at a time when the dollar shows signs of strengthening.

With Europe heading toward a single market in 1992 and the 16-nation Economic Community of West African States (ECOWAS) aiming to bring about full monetary harmonization by that date, there is little incentive to tamper with the franc zone now. Seven of the ECOWAS countries, members of the West African division of the zone, already enjoy monetary equilibrium, and unscrambling the 40-year-old arrangement would be extremely complex.

Besides, there are distinct advantages to having a rate of exchange pegged to a stable currency, such as the French franc, not the least of which has been that the CFA nations have avoided many of the tribulations of inflation.

Although it is arguable that an overvalued hard currency hampers investment, the stability it brings is a definite encouragement. And there is, again, general agreement that investment will be essential if African countries — irrespective of their monetary regimes — are to grow out of the swamp of debt they now find themselves in.

Surrounded by uncertainties, with massive overhangs in commodity markets and with rescheduled debt often merely a postponement of the day of reckoning, most of French-speaking Africa, and the formerly Spanish Equatorial Guinea, at least have monetary stability.

Franc monetary links may have their roots in colonial ideas — the reason Guinea Conakry left the CFA zone nearly 30 years ago — and may tie member states a bit too closely to France than many might wish, but the advantages still outweigh the disadvantages.

TERRY BELL is co-editor of Africa Analysis.

Symbolism Marks Development Projects

By Richard Synge

LONDON — Adopting pseudo-impartial symbolism, President Félix Houphouët-Boigny of Ivory Coast has now completed his long life's work with the construction of an extraordinary Roman Catholic basilica of granite and marble in his home town of Yamoussoukro. In classical Greco-Roman style, the edifice is intended to grace both church and state, and should soon receive a papal consecration in the presence of world leaders.

Having already endowed Yamoussoukro with one of Africa's best-watered golf courses, a supreme court and a university campus, Mr. Houphouët-Boigny, 83, is also building a mausoleum for himself so that after he dies, his 45 years of political domination of Ivory Coast cannot easily be forgotten.

The Yamoussoukro phenomenon may be uniquely egotistical, justified by Mr. Houphouët-Boigny's unusual continuity in power in a region where presidents come and go rather more rapidly. But its extravagance is by no means unique.

In nearby Nigeria, the new central city of Abuja is designed to become a modernistic concrete-and-glass showpiece of the country's power and wealth, along the lines of Brasilia. The incidental fact that Abuja still lacks the basic infrastructure to function as a capital city is a reflection of two things important in Nigeria, the corruption rampant in the oil-boom era and the more recent collapse of the country's oil revenues.

Although there is no more money left to spend on such a project, Abuja has managed to acquire international hotels, including the world's largest Hilton, a magnificent mosque and an airport built to take the Concorde. Unlike Yamoussoukro it lacks a cathedral — a symptom of the deep divisions among Nigerian Christians.

Only the formerly rich nations of West Africa were able to conceive and pursue such projects as Abuja and Yamoussoukro, but the region as a whole has more than its share of such semi-complete and questionable development projects.

Some of the biggest follies have been the ambitious irrigation schemes of the Sahel, from Senegal through Mali and into Nigeria. Without exception these have produced disappointing agricultural results and have been blighted by poor rains and inexperienced management. River basin developments have tended to consume inordinate amounts of money and to create more political and economic problems than they solve.

The Senegal River Basin Development Authority saddled its member states — Mali, Mauritania and Senegal — with crushing debts, approaching $1 billion, before it began to see the planned benefits of irrigation, river navigation and electric power. There is no hope of the authority paying for itself until well into the next century.

West Africa's stalled projects, whether in agriculture or industry, illustrate the huge change in the region's prospects that occurred in the early 1980s. Ten years ago, all West African leaders could aspire to achieving great things for their countries. Although not rich, they could easily raise the money to start industrial complexes and assembly and steel plants. In 1988, these are regarded as luxuries.

The spending boom ran out before results could be achieved. Governments are now so short of cash they can barely meet the immediate and more pressing needs of sheer economic survival. With most national economies and living conditions in decline, the region's big investments are reserved exclusively for projects with guaranteed earnings, as with Ghana's gold mines and Nigeria's oil and gas fields.

West Africa is redrawing its development prospects in the light of harsh economic reality. Instead of new capital cities, priority now has to be given to relieving the pressing needs of rural and urban communities, with the emphasis on roads, water and power supplies, health clinics and schools.

In recognition of the high social costs involved in the International Monetary Fund-prescribed "structural adjustment" process sweeping West Africa, the international community is experimenting with special programs to "ameliorate" these costs. Ghana and Senegal are trying out community labor and food-for-work projects as they try to keep adjustment on track.

The "back to basics" trend has put drinking water projects at the top of West Africa's list of priorities. The region's biggest city, Lagos, is embarking this year on a massive $400 million scheme to pipe water for 8 million inhabitants. At the other end of the scale, village communities are gradually acquiring borehole drilling and pumping equipment.

The new emphasis on human-scale projects can provide a safety net and lead to better health, but only economically productive investments can improve the region's economic and financial standing in the world economy.

The fundamental requirements of a viable project in West Africa are its capacity to earn foreign exchange and its potential to make a profit. Currently, goldmines and oilfields lead the field in this respect and are beginning to attract very substantial foreign investment, helped by more welcoming government policies.

Investors are also reassessing the potential of agricultural schemes, such as cotton farms and ginneries, and oil palm plantations and mills. This is the beginning of a regenerative economic process in West Africa. Only if this succeeds, can prestige projects like Yamoussoukro have any real justification.

RICHARD SYNGE is an editor with Africa Economic Digest.

Howard Schend

Downtown Dakar, in Senegal, which has adopted a national population policy.

Resources Stretched by Influx to Cities

By Maryann Fitzgerald

West Africa has a tradition of migration in search of opportunity.

ABIDJAN — Eight thousand people live here on eight hectares of reclaimed swamp, where a patchwork of plastic, wood and tin provides shelter for Ivorian and Bourkinabe job seekers and their families.

Chickens forage atop mounds of garbage swarming with flies. Visitors pick their way over stagnant open drains, a hazard that is ignored by those who live here. The shantytown is only a few kilometers from the wide boulevards and shaded villas of Abidjan's middle-class suburbs, but here there are neither telephones nor electric lights, nor toilets, because the government does not officially recognize its existence.

Slums such as these are symptomatic of the economic ills that afflict the region. Most West African capitals are overwhelmed by the poor, who embark on a mistaken pilgrimage from the countryside in search of financial security. The effect is to place more strain on already inadequate social services which in turn can fuel civil unrest.

It is a disturbing trend. In Africa, political change is often preceded by protests against the erosion of living standards as this month's riots in Algeria demonstrated.

Urban migration is enlarging towns by 5 percent to 10 percent a year. Thirty-five years from now, more than half of all West Africans will have been uprooted from the countryside, seat of their history and traditions, and will be living in cities and towns, population experts predict.

Senegal, where 70 percent of the population is rural, is pursuing pricing policies designed to encourage farmers to stay on their land. Even so, by 2025, Dakar will have more than 5 million inhabitants compared to the million or so who live there today, who compose one-fifth of the nation.

West African populations have a tradition of migration in search of opportunity. One of the side effects of this ebb and flow across borders is the acquisition of more than one nationality. A Bourkinabe, for instance, may also carry a Mali passport.

During the initial postindependence period, when economies were expanding, governments could afford to absorb a spillover of labor from their less successful neighbors. But since the recession of the early 1980s, regional goodwill has sometimes wavered. In 1983, Nigeria expelled a million Ghanaian migrant workers overnight when oil prices fell. About 5 million Nigerians were out of work as well.

Ivory Coast, traditionally more prosperous than many of its neighbors, attracts a constant influx of labor, from dockers to executives. A high school teacher who is paid $250 a month in Senegal can double his salary in Abidjan. While migrant workers are accorded nearly every hospitality, they are denied citizenship, even if they are third-generation residents.

ECOWAS, the Economic Community of West African States, is seeking to lift this protectionism. At the summit meeting in the Togo capital of Lomé in July, members agreed to withdraw work permits and allow the free passage of labor throughout the region. There is likely to be a considerable time lag, however, between decision and implementation.

"It's a brave move. But it has to be accompanied by national initiative, or we'll have a repeat of what happened in Nigeria. They need to develop small-scale industry," said Cheikh Fall, chief aide to Babacar Ndiaye, president of the African Development Bank.

Yet commitment to expansion has coincided with hard times. Several countries have opted for assistance from the World Bank and the International Monetary Fund. And by doing so, leaders must juggle the moral obligations of caring for their people with the stringent demands of structural adjustment. Many West Africans are of the belief that short-term political stability is being sacrificed on the altar of long-term economic reform.

The high expectations inspired by the growth of the 1970s are no longer being met because the resources simply are not there. Budget deficits are being closed at the expense of health and education expenditure. And social unrest bubbles below the surface throughout the region although, for the most part, it has been contained.

In Senegal, university and high school students returned to class this month after being on strike all year. Last February, they triggered a riot after national elections. The students' grievances are rooted in the fact that employment after graduation, once considered a right, is now difficult to find.

In Ivory Coast they joke that when you have an accident, do it with a friend, who must shop for everything required for the operation, including the cotton wool and rubber gloves, because hospitals are so strapped for cash.

Five years ago, when Ghana embarked on an economic reform program with the World Bank and the IMF, as many as three-quarters of the people were living below the poverty line. There has been considerable progress since the "dark years" of the early 1980s when famine was widespread.

With World Bank support, the government intends to reduce public sector financial obligations by removing about 80,000 workers from the state payroll. In some ministries, visitors pass men sitting idle at empty tables placed in corridors. In others, four-fifths of the annual budget went toward salaries.

The government target is to cut 45,000 from the 317,000-member civil service between 1987 and 1989. In addition, the Cocoa Board has already reduced its former labor force of about 100,000 to roughly half.

So far, 18,000 names have been cut from ministry payrolls. But, as the first ever civil service census revealed in August 1987, up to 15,000 of these people did not exist. There are no more "ghosts" now that salaries are paid directly into employees' bank accounts.

Natural Disasters Plague Economy

Continued from page 11

farmers, together with imported grain, each time famine struck.

At the same time, farmers were losing out because massive shipments of emergency food depressed market prices. In some instances, farmers incurred debts to cover the cost of production.

The fragile cycle of food production is also governed by pricing policies. In many countries, prices are not announced until after planting. But in Senegal, consistently high producer prices have reaped larger harvests.

High prices bring surpluses, but poor infrastructures make it difficult to either store or export. Even so, most governments are obliged to purchase surpluses, usually through scantily financed marketing boards, which offer low and unprofitable prices to the farmer.

When the government offers low prices for producing crops, the peasants produce less. Then when drought hits, they fall back into a food dependent position. Poor storage facilities for buffer stocks means that there is never food security during hard times.

Government intervention in market prices and the inability to exploit regional export markets are two major inhibitors of food production, according to Mathew Okai, regional agricultural planning economist for the FAO in Accra.

A third factor is the inadequate supply of inputs, particularly fertilizer. Often fertilizer arrives at ports after farmers have planted. Sometimes not enough is imported.

In Accra, a large sign spells out the agricultural philosophy of Flight Lieutenant Jerry J. Rawlings, the Ghanaian leader: "We must grow what we eat and eat what we grow."

It is a target that has yet to be attained. World Bank officials admit that not enough attention has been paid to food production since an economic reform program began five years ago. Ghana still relies on food aid and commercial imports. But the potential is there.

Workers following up on former President Jimmy Carter's Global 2000 Report are showing peasant farmers how they can improve their yields from half a ton an acre to two to four tons an acre by using the same seed but adding fertilizer and planting in rows. Smallholder extension work such as this is important as 95 percent of Ghana's food crops are grown on plots of less than 10 acres.

"Ghana can be self-sufficient in all foodstuffs quite easily and even export to the Sahel with this sort of productivity. It hasn't happened before because the agricultural support system broke down. The government was importing and distributing fertilizer but it wasn't reaching the small farmers. The big guys got it instead," explained Seung Choi, the resident representative of the World Bank in Accra.

Ghana has earned World Bank approval with its decision to withdraw fertilizer subsidies and privatize the marketing of both cereals and fertilizer by 1990. The state-run Ghana Food Distribution Corporation already handles less than 10 percent of food surpluses.

Since the inception of the World Bank's free market prescription, prices in Ghana have fluctuated widely. A 100 kilogram (220 pounds) bag of maize is selling for 1,500 cedis ($6.50) this month because it is the harvest. But six months from now, the same bag would fetch cedis 10,000.

In theory, the scantily funded Ghana Food Distribution Corporation offers farmers a minimum guaranteed price of 4,800 cedis, but they may not be able to follow through with the intent of shoring up the market price as they become overstretched around harvest time and run out of money.

Most agricultural economists applaud the idea of letting food go to the free market. But critics say the World Bank notion of nonintervention has been carried too far. Countries undergoing structural adjustments have withdrawn state subsidies on fertilizer and other inputs to let market forces come into play. The result often is that the farmers do not bother to buy them.

Regardless of reform, the Sahel will remain hostage to cyclical drought and self-inflicted depredations of the environment. Today 27.5 million Sahelians are affected by desertification.

Twenty-five years ago, Burkina Faso and Mali exported irrigation-fed vegetables to Paris and wheat grew under irrigation in Niger. But irrigation is too capital-intensive for the bedraggled economies of the Sahel which are more suited to the planting of drought-resistant crops.

The Sahel will never be self-sufficient, Mr. Okai said, but it could become self-reliant if the dream of interregional trade were translated into reality. The nomadic Fulani of Niger, for instance, could trek heifers southwards to sell in Nigeria. In return, Sahelians could buy grain from the coastal belt.

Neo-colonial influences also inhibit trade. Former French colonies have had their CFA currencies fixed at the same level against the French franc since 1948. The vulnerable currencies of English-speaking West Africa, however, are not freely convertible, making them unattractive to trading partners.

"West Africa hasn't yet broken out of the plaster cast set in colonial times," said Mr. Okai.

MARYANN FITZGERALD, a journalist based in London, specializes in African affairs.

Urban Trends Restrain Rapid Population Growth

ACCRA — Godwin Kashigah, a Ghanaian accountant, taxi driver and aspiring construction company owner, is not a chip off the old block. His father, a farmer, had five wives and 36 offspring. Godwin and his wife, both practicing Christians, have four children.

It is middle-class, urban attitudes such as the Kashigahs' that will apply the brakes to West Africa's rapid population growth of over 3 percent. Africa is the only continent where the rate at which the population increases continues to rise.

The region, like the rest of black Africa, is changing demographically, with populations living longer. During the post-World War II colonial period, most West Africans expected to die before they reached 40. Today the average lifespan for a man is 45. For a woman, despite her hard work, it is 48.

But West Africa has yet to arrive at the second stage of transition, falling birth rates. Mothers have an average of six or seven children, the highest fertility rate in the world.

West Africans place great store in fecundity. In Ivory Coast, belts, necklaces and bracelets are made of strings of cowrie shells, sewn onto leather, symbols of female genitalia. Much of traditional and modern art depicts the female figure as a symbol of procreation.

Many women would like to have fewer children than they do, but custom, legal rights, poor schooling and the low government priority given to family planning clinics have so far conspired against their emancipation. Fewer than 10 percent of married women use family planning services.

Men, who tend to view children as cheap labor and social security for their old age, traditionally make decisions on important matters such as the use of contraception.

Over the past few years, resistance to the concept of family planning, or birth spacing as it is diplomatically called, has been eroded by exposure to nontraditional viewpoints be they Western or those of urbanized officials. Nigeria, Senegal and Liberia have adopted national population policies. Togo is likely to follow suit. Benin and Burkina Faso are beginning to rethink national attitudes toward family planning.

For Western aid experts and some government planners, these and similar programs have come just in time. At the present rate, the region's population will treble in 35 years, they say. Even if the fertility rate were to drop to a national 2.2 percent this week, it would take a century for the population to stabilize, at which point it would be twice as large as it is now.

Maryann Fitzgerald

Recession Adds New Brake

Continued from page 11

Nations Economic Commission for Africa.

There is a growing belief, however, that precious resources, both human and financial, can be spared, and wider regional development objectives better served, by larger bodies.

The West African Monetary Union, best known by its French acronym, UMOA, is a case in point. Its seven members, all former French colonies, share a common currency, the Communauté Financière Africaine franc, which has been pegged to the French franc at a rate of 50:1 since 1948.

Dismissed by some critics as a colonial hangover that allows France to maintain profitable economic ties with the region, UMOA has nevertheless provided its members with a rare degree of financial stability.

Yet, while UMOA has given West Africa a taste of monetary union, its existence is said to be undermining the aspirations of ECOWAS in this direction — in part because the convertibility of the CFA franc has made it the most valuable medium of exchange throughout West Africa.

As a result, as much as 25 percent of Nigeria's refined oils are smuggled into neighboring Cameroon, Niger and Benin where they fetch up to 10 times more, in a hard currency, than what they would at home in devalued naira.

For the same reason, Ghanaian cocoa is spirited across the border into Ivory Coast, and much of Gambia's groundnut crop finds its way into Senegal.

The proliferation of such traffic not only acts as a brake on progress toward the main declared objective of ECOWAS governments — the creation of a single market — but it also deprives them of valuable customs revenues and puts fragile industries in jeopardy.

Officials at the Ivory Coast Chamber of Industry, an umbrella grouping of some 700 registered companies, estimate that the state loses up to 200 billion CFA francs a year — equivalent to about a third of the national budget — as a result of customs duty evasion alone.

Uniwax, Ivory Coast's biggest textiles manufacturer and one of the country's largest companies, is now on the verge of collapse owing to the upsurge in illegal cloth imports from Nigeria.

Under the circumstances, it is hardly surprising that official intra-community trade has remained static, at 4 percent of member states' total trade, since ECOWAS was established. Yet most of the mechanisms designed to improve the situation, such as a standardized tariff nomenclature, have been in place for years.

The progressive alignment of levies was due to begin in 1981, but the pursuit of national interests, the raising of revenue and protection of domestic firms has kept them from changing. And they seem likely to remain unchanged for the time being.

GERALD BOURKE contributes to The Independent from Abidjan.

MONDAY SPORTS

SIDELINES

U.S., British Horses Win in Maryland

LAUREL, Maryland (AP) — Heavily favored Sunshine Forever rallied Sunday after losing the lead in the deep stretch for a neck victory in the $750,000 Budweiser International at Laurel Race Course.

The U.S. horse, ridden by Angel Cordero, led most of the way around the far turn but was overtaken coming into the stretch when Squill, of France, moved up from the outside. Squill extended his advantage to a length before Sunshine Forever came on to win in a stirring three-horse finish. Frankly Perfect, a French colt, rallied on the inside to finish second, a half-length in front of Squill.

Capades won the Selima Stakes and Luge II, a British colt, won the Laurel Futurity on Saturday as U.S. and foreign horses split the first two races of the International Turf Festival at Laurel.

6 Hungarians Fired After Drug Probe

BUDAPEST (AFP) — Six members of the Hungarian Weight Lifting Federation were dismissed Sunday following an investigation into the drug use of Andor Szany, who lost his Olympic silver medal in the 100-kilogram class.

Fired along with the federation's president, Zoltan Nagy, and the national coach, Endre Fazekas, were Laszlo Ambrus, the team captain, and three members of the medical commission.

Cayton Charges King With Tampering

NEW YORK, Oct. 22 (From Dispatches) — Bill Cayton, the manager of Mike Tyson, is to file a complaint Monday with the New York State Athletic Commission alleging that promoter Don King has tampered with his managerial contract with the heavyweight champion.

Cayton, 70, whose contract with Tyson runs through February 1992, said that in a phone call Thursday King "told me he has a four-year exclusive promotional contract with Mike." Cayton also said King told him, " 'Mike has given me power of attorney and I'm taking over everything.' "

A contract made without consent of the manager of record is illegal under New York rules. If King is found guilty of tampering, his license to promote in New York could be suspended or revoked. Randy Gordon, head of the New York commission, said that a hearing would be granted within a week, and that other major boxing commissions, including those of New Jersey and Nevada, would likely honor a New York ruling.

Cayton said that Tyson, who was in on the phone call, made from the Chicago office of King's attorney, Charles Lomax, had told him, " 'Yes, I've given him power of attorney.' But Lomax then said it was a limited power of attorney, how limited, I don't know." (AP, UPI)

Rogers Facing Manslaughter Charges

PONTIAC, Michigan (UPI) — Defensive end Reggie Rogers of the Detroit Lions was charged with three counts of involuntary manslaughter late Friday for his part in an auto accident that killed three teen-agers.

Oakland County Prosecutor L. Brooks Patterson said he based the charges, which carry a maximum penalty of 15 years each, on "wanton and reckless behavior" by Rogers in causing the collision Thursday at a major intersection in Pontiac.

Patterson said he had asked the court to issue a warrant, but that it not be served on Rogers while he is in the hospital with a broken neck. Patterson did not disclose the results of Rogers's blood tests, but said the alcohol level was above the legal limit.

Patterson said police reports indicated Rogers's car struck the other vehicle broadside. Two of its passengers were killed then; the driver died later in a hospital.

Byrum Leader by 4 Shots in U.S. Golf

GULF BREEZE, Florida (AP) — Tom Byrum shot seven-under-par 65 Saturday for a third-round score of 201 and a four-stroke lead in the Pensacola Open golf tournament. Bruce Lietzke, Andrew Magee, Ray Stewart and Ken Green were at 205.

Byrum had shot 64 on Friday to close to one stroke of second-round leaders John Cook, Mark Hayes and Scott Hoch. Saturday, Cook fell five stokes behind, with Hayes eight back and Hoch nine.

Disabled Paralympians Going for Broke in Seoul

By Peter Maass
Washington Post Service

SEOUL — The best moment for Charla Ramsey and Sacajuwea Hunter was when they entered the main stadium for the opening ceremonies of the Paralympics and saw that tens of thousands of cheering people filled the stands, far more than at any previous athletic competition for the disabled. It was the kind of emotional high that helped justify the years of sacrifices and endless hours of rigorous training.

"It was beautiful," said Hunter, who has won several medals in the Seoul Paralympics, which will end Monday. "I can't explain it — great, fantastic."

Said Ramsey, a multi-Paralympic medalist and, like Hunter, confined to a wheelchair: "I've never been anywhere where we've had such a welcome. I felt people were interested in what we are doing; that they were interested in us as athletes, not just as people in wheelchairs."

As the nine-day Paralympics drew to a finish, athletes like Hunter, Ramsey and fellow American Bill Denby were declaring the games a complete success. They've been a success for the Americans because the U.S. squad is on top in medals, but they've also been a success because the disabled athletes feel they've taken another step toward gaining recognition and respect from the able-bodied. And, on top of that, their achievements may inspire other disabled people who feel life offers little.

"When you see a guy with one leg high-jump six feet [1.82 meters], when you see a guy with a leg off run the 100 in 12 seconds or when you see a guy with one leg throw a discus three-quarters of the distance that an able-bodied Olympic athlete can throw it — that shows you we can do something," said Denby, who lost both of his legs during the Vietnam War when a truck he was driving near the Laos border came under a rocket attack. Denby's saga of recovering from his injuries to play basketball on artifical legs was recently dramatized in a Dupont television commercial that brought him enormous attention.

"We're starting to make great strides, not only in sports but in society," he said. "We're changing the architectural barriers, but the attitude barriers are harder to bring down." Denby placed seventh in the javelin competition for double-leg amputees on Friday, and was fourth in the shot put.

These are the eighth Paralympics, although this is only the second time the games have been staged in the same city that hosted the Olympics. The South Koreans are drawing high praise because all of the events are taking place in the same facilities used for the Olympics.

"They have moved it to a new level," said Mike Mushett, chairman of the U.S. team. "It's a quantam leap."

For anyone who thinks the Paralympics is not serious business, it should be pointed out that the athletes here compete under the same drug regulations as the Olympic athletes. So far, however, no one has failed a drug test. And, just as in the Olympics, politics has reared its head: An Iranian volleyball squad was ejected after the players reportedly started yelling Islamic slogans once they took to the floor to play the Israelis.

Aside from that mini-controversy, the Paralympics have proceeded more or less smoothly, although there have been some scheduling mixups and, in one case, medals were mistakenly awarded to the top finishers in a track and field heat.

After the opening ceremonies, crowds dropped off substantially, but a call was made by the South Korean media for people to attend the free-of-charge events. As a result, masses of school children and legions of churchgoers have been on hand. The Paralympic organizers, thankful for the church support, have even allowed some religious banners to be strung alongside the main track. That's made for some odd sights — "Hankook Tire" says one sign, and next to it: "Jesus Loves You."

The Soviet Union is participating in the Paralympics for the first time. There are 59 other countries with a total of about 3,000 athletes here, including China, Poland and Iran, which sent 37 athletes, 15 of whom were disabled during the war with Iraq, which did not send a squad here. The United States has the largest team, with 376 athletes.

The 16 sports here include track and field, swimming, bicycling, weightlifting, judo, fencing, lawn bowling, table tennis and soccer.

The competitions are divided into types of disabilities — one-legged amputees compete against each other, for example, while two-legged amputees have their own category. Paraplegics in wheelchairs also have their separate races. Some events, such as basketball, are played in wheelchairs and in standing positions, while other sports, such as volleyball, are played standing and sitting.

The athletes competing here stress they have trained just as rigorously as Olympic athletes, and they want recognition for what they have accomplished. Hunter, who lost her legs as the result of a childhood accident, unwittingly illustrated her achievements by explaining what happened in her Washington high school class when the teacher asked the students to say what they aspired to do in life.

"Lots of the girls said they didn't plan to go to college, they just wanted to get married," said Hunter, who has travelled to Sweden, Australia, Puerto Rico and Canada. "I told them there were things all over the world to see and to do. I told them they could go to college. I was just trying to open their eyes. They didn't know about anything outside of D.C. and Maryland."

So there was Hunter, with no legs and little chance at what many would call "a normal life," trying to encourage her classmates to meet some of the challenges in life that she had already overcome.

Denby is now a consultant to Dupont, and spends much of his time speaking to groups of children, giving lectures to adults and raising money for the impoverished disabled-sports movement (the U.S. athletes had to pay about $2,000 each to meet the expenses of competing in Seoul.) Denby is beginning to spend more time off the field rather than on, but he is still fighting for athletic recognition.

"It's always been written as a human interest story," says Denby. "We would like just once to be looked on as athletes."

He has an easy smile, but his expression can suddenly harden: "Focus on my ability to do things, not my disability," he said. "I'm as able as you are and can probably do more in sports than you can."

Ulli Michel/Reuters

U.S. Olympian Tom Petranoff, a former world record-holder, loosening up before winning the javelin throw in South Africa.

Athletes Face TAC Sanctions After Meets in South Africa

The Associated Press

GERMISTON, South Africa — Two Americans and a U.S.-based Brazilian, competing on a touring track and field team facing suspension when it returns home, won their events for the third straight meet here Saturday.

The Athletics Congress, the national governing body for the sport in the United States, announced Thursday that the 14 athletes, including Brazilian Tom Hintnaus, had been ordered to appear at a National Athletics Board of Review hearing Nov. 18 in Chicago.

Possible penalties for the athletes for violating an international ban on competing in South Africa include loss of eligibility and suspension or expulsion from TAC. South Africa has been banned from international competition because of its policy of apartheid, or racial separation.

The athletes and tour organizers have not disclosed how much the U.S. contingent was paid to compete in South Africa's first international track and field competition since 1976. But reported estimates are $30,000 per athlete, plus bonuses for breaking South African records.

Milan Stewart won the 110-meter high hurdles in 13.79 seconds, his third victory in the three-meet series. Hintnaus won the pole vault for the third time, at 17 feet, ¾-inch (5.20 meters).

Also winning for a third time was Olympian Carol Cady, the U.S. record-holder in the women's discus, with a throw of 197-4 — more than 16 feet better than her South African opponents. She also won the shot put at 53-5.

James Andrews won the 100-meter dash in 10.43 and finished third in the 200. John Powell, two-time Olympic bronze medalist in the discus, won with a toss of 189-8.

Another U.S. winner was Tyrus Jefferson, whose long jump of 26-8½ beat South African champion Francois Fouche (26-1½). Olympian Tom Petranoff, a former world record-holder in the men's javelin, won with a throw of 264-9.

James Robinson, a 1976 U.S. Olympian and 1979 Pan American Games gold medalist, was third in the 800 behind South Africans David Hlabahlaba and Daniel Mokoena.

David Laut, a 1984 Olympic bronze medalist, finished second in the shot put; distance runner Ray Wicksell was third in the 1,500, and 1984 Olympian Ruth Wysocki was second in the women's 1,500.

Other Americans on the team were long jumper Kevin Atkins, whose 25-8 was third best; sprinter Cedric Gilder, who finished fourth in the 110-meter hurdles, and Keith Thibodeaux, who was scheduled to run in the 400 but withdrew.

Celtics Triumph in Madrid As Bird Scores 29 Points

The Associated Press

MADRID — The Boston Celtics needed a team effort and 29 points from the National Basketball Association's three-time most valuable player, Larry Bird, to beat Real Madrid of Spain, 111-96, Sunday night for the championship of the McDonald's Basketball Open.

Bird scored eight points and made a steal during an eight-minute, 22-5 run by Celtics at the start the fourth quarter. That finally put away a persistent Real Madrid team that had outscored the 16-time NBA champions, 30-24, in the third quarter.

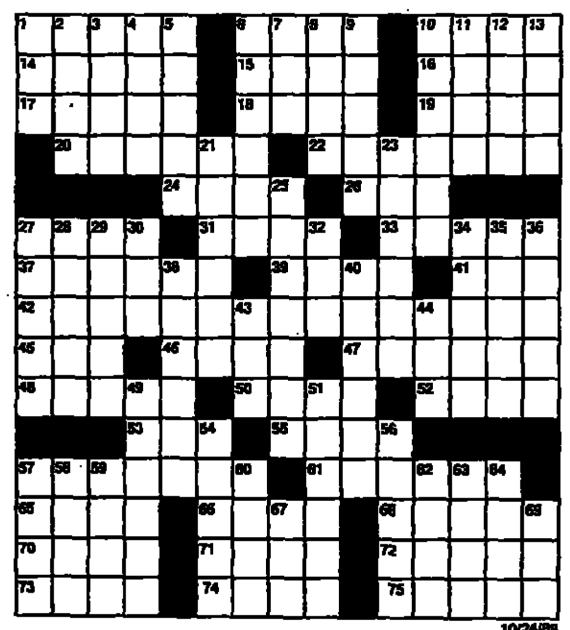
The Yugoslav national team, led by Zarko Paspalig's 21 points, beat Italian league champion Scavolini Pesaro, 100-91, in the tournament's consolation game.

ACROSS

1 Astrological fire sign
6 Map
10 Sugar source
14 A Columbus caravel
15 Hindu queen
16 Afresh
17 Luzon island
18 Eight: Comb. form
19 Agnomen
20 Grave: mirthless
22 Builder
24 Repetition
26 Grow older
27 Maple genus
31 Bassets and spaniels
33 Persona —— (one welcome)
37 Highly seasoned sausage
39 Sweet cherry
41 Gehrig or Groza of sports
42 Leo or Gemini
45 Historic period
46 Londoner's radial
47 Program
48 Pastry
50 Nobleman
52 Mrs. Truman
53 Priestly garment
55 Lowest passing grades
57 Rejected
61 Erie and Panama
65 Above
66 Evaluate
68 Violinmaker
70 Bill of fare
71 Jacket or collar
72 Ruth of films and TV
73 Finishes
74 Canvas shelter
75 Astrological air sign

DOWN

1 P.D. alert
2 Narrow inlets
3 Division word
4 And others: Abbr.
5 More rational
6 At once!
7 Resin
8 Poker stake
9 Pope's crown
10 Astrological water sign
11 Med.-school subject
12 Verne character
13 Water pitcher
21 Change
23 Yuletide drink
25 Longhair
27 Property, e.g.
28 North African capital
29 "King Olaf" composer
30 Operated
32 Observe
34 Adjust, as car wheels
35 Natterjacks
36 S.A. Indians
38 Roadside stopovers
40 Flowering shrub of the heath family
43 Three, in Venice
44 Young fern
46 Astrological earth sign
51 New
54 Soft, visorless cap
56 Entangle
57 Spanish Steps site
58 Not odd
59 Ward (off)
60 Arabian staple
62 Mine, in Paris
63 Essayist Elia
64 Asterisk
67 Weighty weight
69 Tempest —— teapot



10/24/88

© New York Times, edited by Eugene Maleska.

Solution to Friday's Puzzle

MASHPEE AGITATE
IGNEOUS SOSORRY
RAISERS HOLDTHE
CATO WADED
BOK SPRINTS TEE
INEE EATTO GIVE
DORRS WHIMSICAL
SWAY ERIK
FUNICULAR INLET
ATEN GAPED GERE
MAE TOPICAL RED
AHSIN LEAF
FUNNELS CLAWING
ONEACAT RESOLED
GODSAVE USELESS

WEATHER

EUROPE

	HIGH C	HIGH F	LOW C	LOW F	
Algarve	22	72	18	64	cl
Amsterdam	12	54	7	45	o
Athens	18	64	16	61	r
Barcelona	22	72	12	54	fr
Belgrade	14	57	7	45	o
Berlin	14	57	9	48	o
Brussels	10	50	5	41	o
Budapest	10	50	5	41	o
Copenhagen	11	52	7	45	o
Costa Del Sol	19	66	13	55	fo
Dublin	12	54	11	52	r
Edinburgh	11	52	1	34	r
Florence	20	68	12	54	fr
Frankfurt	11	52	6	43	o
Geneva	13	55	7	45	cl
Helsinki	8	46	5	41	sh
Las Palmas	26	79	21	70	fr
Lisbon	19	66	16	61	fr
London	15	59	10	50	cl
Luxembourg	8	46	4	39	o
Madrid	18	64	7	45	fr
Milan	19	66	9	48	fr
Moscow	5	41	-2	28	o
Munich	11	52	5	41	cl
Nice	21	70	13	55	fr
Oslo	7	45	5	41	cl
Paris	14	57	9	48	cl
Prague	8	46	7	45	o
Reykjavik	7	45	8	46	o
Rome	21	70	11	52	fr
Stockholm	8	46	4	39	o
Strasbourg	12	54	8	46	cl
Venice	18	64	8	46	fr
Vienna	13	55	5	41	o
Warsaw	9	48	-4	25	o
Zurich	13	55	8	46	o

OCEANIA

	HIGH C	HIGH F	LOW C	LOW F	
Auckland	20	68	8	46	o
Sydney	26	79	10	50	fr

ASIA

	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	33	91	26	79	cl
Beijing	14	57	11	52	o
Hong Kong	24	75	21	70	r
Manila	30	86	25	77	o
New Delhi	33	91	17	63	fr
Seoul	22	72	8	46	o
Shanghai	25	77	16	61	o
Singapore	27	81	23	73	o
Taipei	30	86	25	77	cl
Tokyo	20	68	15	59	o

AFRICA

	HIGH C	HIGH F	LOW C	LOW F	
Algiers	22	72	8	46	fr
Cape Town	18	64	8	46	fr
Casablanca	22	72	13	55	cl
Harare	26	79	14	57	st
Lagos	30	86	24	75	o
Nairobi	29	84	14	57	cl
Tunis	23	73	14	57	cl

LATIN AMERICA

	HIGH C	HIGH F	LOW C	LOW F	
Buenos Aires	25	77	11	52	fr
Caracas	—	—	—	—	na
Lima	18	64	13	55	sh
Mexico City	26	79	11	52	fr
Rio de Janeiro	27	81	19	66	cl

NORTH AMERICA

	HIGH C	HIGH F	LOW C	LOW F	
Anchorage	3	38	1	34	sh
Atlanta	22	72	11	52	fr
Boston	14	57	7	45	pc
Chicago	12	54	1	34	sh
Denver	17	63	1	34	pc
Detroit	12	54	3	38	sh
Honolulu	30	86	21	70	pc
Houston	28	82	16	61	pc
Los Angeles	27	81	17	63	pc
Miami	29	84	22	72	fr
Minneapolis	7	45	-2	28	cl
Montreal	7	45	2	36	sh
Nassau	30	86	21	70	pc
New York	13	55	7	45	pc
San Francisco	22	72	10	50	pc
Seattle	16	61	9	48	cl
Toronto	11	52	5	41	r
Washington	19	66	12	54	cl

MIDDLE EAST

	HIGH C	HIGH F	LOW C	LOW F	
Ankara	13	55	0	32	cl
Beirut	—	—	—	—	na
Cairo	29	84	18	64	fr
Damascus	—	—	—	—	na
Istanbul	19	66	9	48	fr
Jerusalem	26	79	13	55	fr
Tel Aviv	28	82	15	59	fr

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sw-snow; st-stormy.

MONDAY'S FORECAST — CHANNEL: Slight. FRANKFURT: Cloudy. Temp. 13—5 (55—41). LONDON: Cloudy. Temp. 16—11 (61—52). MADRID: Fair. Temp. 19—8 (66—46). NEW YORK: Cloudy. Temp. 13—6 (55—43). PARIS: Fair. Temp. 16—10 (61—50). ROME: Fair. Temp. 20—10 (68—50). TEL AVIV: Not Available. ZURICH: Cloudy. Temp. 14—6 (57—43). BANGKOK: Mist. Temp. 25—33 (77—91). HONG KONG: Showers. Temp. 23—25 (73—77). MANILA: Thunderstorms. Temp. 24—29 (75—84). SEOUL: Rain. Temp. 10—22 (50—72). SINGAPORE: Thunderstorms. Temp. 24—29 (75—84). TOKYO: Fair. Temp. 15—21 (59—70).

DENNIS THE MENACE

"I DON'T THINK HE HAS MUCH MORE IN HIS STOMACH THAN WE DO. DAD SAYS HE'S JUST FULL OF HOT AIR!"

JUMBLE. THAT SCRAMBLED WORD GAME

by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

AVERB

RESEA

DAUPIN

YUCLOD

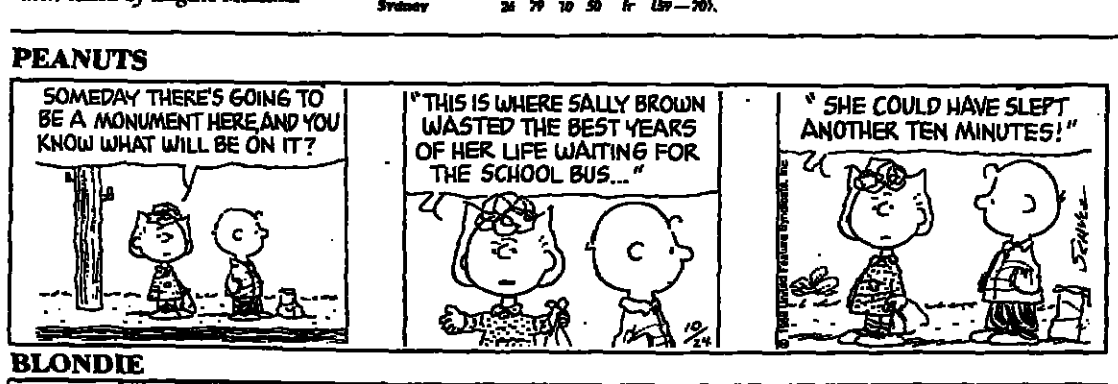
Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer here: A " " ON

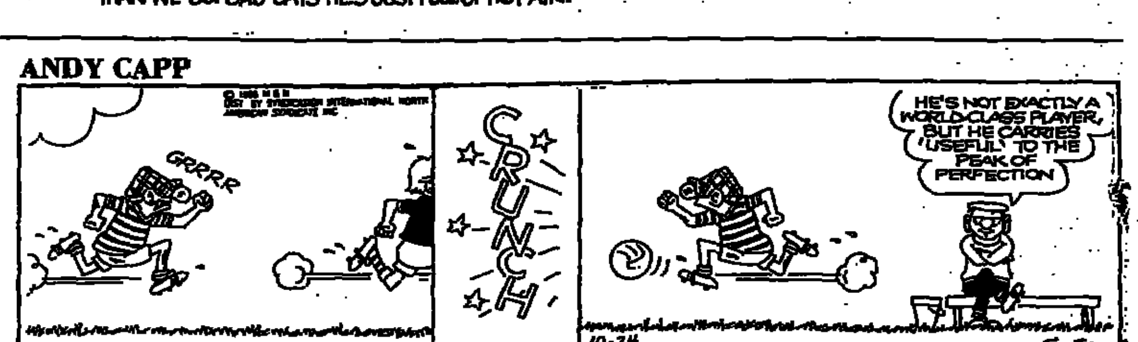
(Answers tomorrow)

Friday's Jumbles: ELATE MINUS SPLEEN NUDISM
Answer: The nervous tailor was always on this— PINS & NEEDLES

PEANUTS

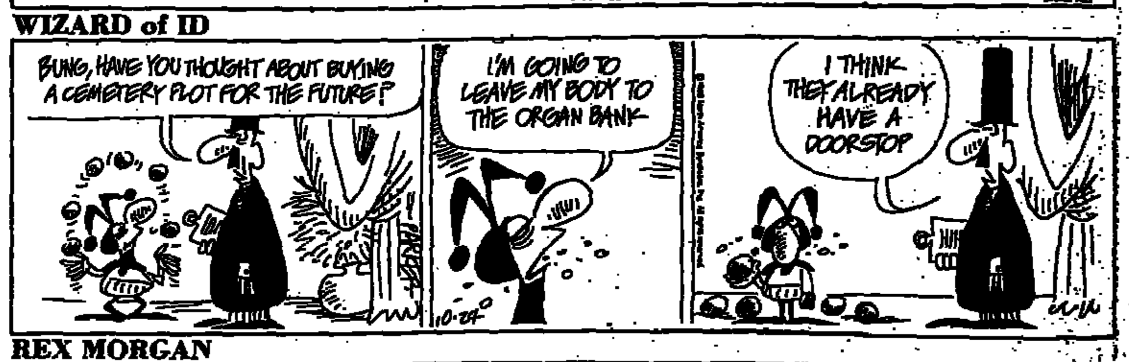


ANDY CAPP

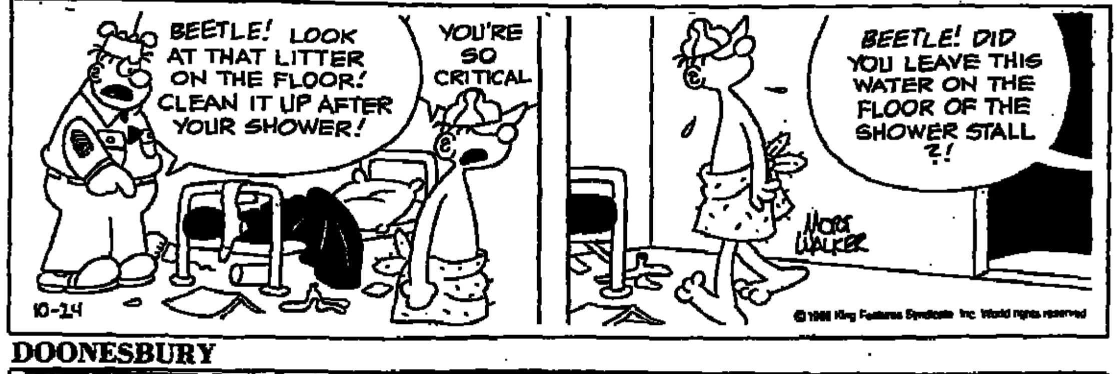


BLONDIE

WIZARD of ID

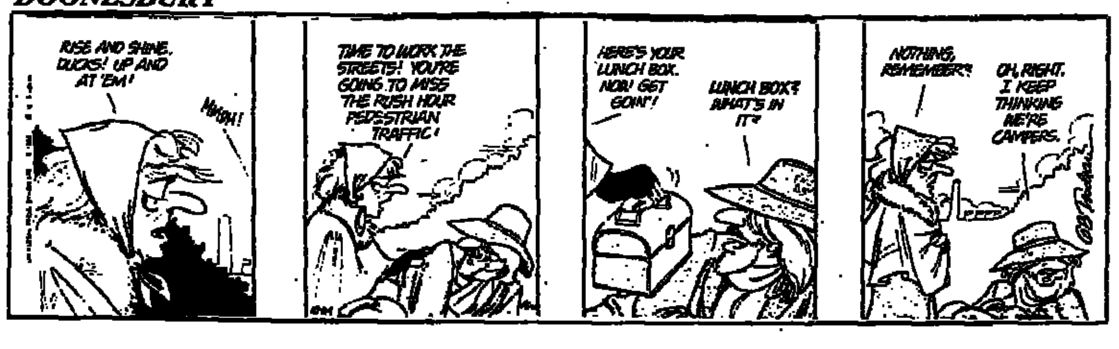


BEETLE BAILEY



REX MORGAN

DOONESBURY



GARFIELD

MONDAY SPORTS

BRIEFS

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Truce Funds

d in Sri Lanka

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Notre Dame Rolls to 7th Straight

Compiled by Our Staff From Dispatches

SOUTH BEND, Indiana — There were all sorts of pitfalls that could have tripped up second-ranked Notre Dame.

One could have been a severe case of overconfidence after the 31-30 upset of Miami the week before, the biggest triumph so far for the young Notre Dame team. Then there was Saturday's opponent, Air Force, which was averaging 46 points from a superb wishbone offense that had produced 432 rushing yards a game, best in the nation.

COLLEGE FOOTBALL

"I was scared to death all week and uptight," said the Irish coach, Lou Holtz. "I was scared of them, not scared our team wouldn't play hard."

His fears seemed to be well founded during a rainy first half, which ended with Notre Dame holding a seven-point edge.

But in the second half, the huge defense did not give up a point and the offense broke loose with three big scoring plays that led the undefeated Irish to their seventh triumph of the season, 41-13.

The most impressive play was a 50-yard pass late in the third quarter, thrown by halfback Steve Belles. He took a pitch from quarterback Tony Rice, stepped back and let fly to Ricky Watters. The flanker caught the ball inside the Air Force 10 and battled his way across the goal line.

Ranked No. 2 in the nation by the news agency polls, Notre Dame has produced its best start since 1980.

That was Dan Devine's last Fighting Irish team, and it won its first seven games, tied Georgia Tech in its eighth game and won two more before losing at Southern California and to Georgia in the Sugar Bowl and finishing with a record of 9-2-1.

Chances are this Notre Dame squad will be undefeated when it plays Southern Cal on Nov. 26 in Los Angeles. Before then, the Irish play Navy, Rice and Penn State.

UCLA 24, Arizona 3: In Tucson, Arizona, Troy Aikman passed for 283 yards and three touchdowns, giving him 19 for the season, as No. 1 UCLA improved to 7-0 for the first time in 22 years and extended its NCAA record scoring streak to 200 games.

The Bruins haven't been shut out since 1971, when Michigan beat them, 38-0. They moved into a tie for the Pac-10 lead, at 4-0, with No. 3 Southern Cal, which was idle. The teams meet Nov. 19.

Arizona's scoring string reached 187 games, second-longest, on Doug Pfaff's field goal in the last minute.

Miami 57, Cincinnati 3: In Miami, Steve Walsh threw for 286 yards and tied a school record with five TD passes to help the No. 4 Hurricanes (5-1) bounce back from its loss to Notre Dame.

Nebraska 48, Kansas State 3: In Manhattan, Kansas, Tyreese Knox scored four touchdowns and Ken Clark topped 200 yards rushing for the second consecutive week as the No. 5 Cornhuskers (7-1) set an NCAA mark by clinching a 27th consecutive winning season.

West Virginia 59, Boston College 19: In Morgantown, West Virginia, Major Harris passed for three touchdowns and ran for two for sixth-ranked Mountaineers (7-0). Harris, a sophomore, was 15 of 21 passing for 297 yards with one interception. He also rushed for 57 yards.

Florida State 66, Louisiana Tech 3: In Tallahassee, Florida, Dedrick Dodge and Deion Sanders ran interceptions for touchdowns and the defense got two safeties, but in the second quarter the No. 7 Seminoles (7-1) lost starting quarterback Chip Ferguson with a separated shoulder.

Oklahoma 17, Colorado 14: In Boulder, Colorado, R.D. Lashar kicked a 22-yard field goal, his first this year, for No. 8 Oklahoma (6-1) with 8:15 left.

North Carolina State 10, Clemson 3: In Raleigh, North Carolina, Chris Williams swept right end for a five-yard touchdown with 10:04 left to upset the No. 9 Tigers (5-2, 3-1). That put the Wolfpack (6-1, 4-1) atop the Atlantic Coast Conference.

Auburn 33, Mississippi State 0: In Auburn, Alabama, James Joseph rushed for 126 yards and a touchdown, and the 10th-ranked War Eagles (6-1) forced six turnovers.

Kentucky 16, Georgia 10: In Lexington, Kentucky, Alfred Rawls raced 48 yards for the go-ahead touchdown as the third quarter ended to enable the Wildcats (3-4, 1-3) to upset the No. 11 Bulldogs (5-2, 4-1) in the Southeastern Conference. Rawls rushed for 128 yards on 15 carries as Kentucky ended a 10-year losing streak to Georgia and an eight-game slide in the SEC.

Wyoming 61, Utah 18: In Laramie, Wyoming, Peter Gunn returned a kickoff 95 yards for a touchdown and Randy Welniak threw three scoring passes to help the No. 12 Cowboys (8-0) improve the longest current Division I-A winning streak to 17 games.

Arkansas 26, Houston 21: In Houston, Kendall Trainor kicked four field goals and Tim Horton recovered a fumble in the end zone for a touchdown for the No. 13 Razorbacks (7-0), who matched their best start since 1983.

Michigan 31, Indiana 6: In Ann Arbor, Michigan, split end Greg McMurtry's 46-yard scoring pass and fullback Leroy Hoard's three touchdowns helped the No. 20 Wolverines rout the No. 14 Hoosiers. That tied Michigan (4-2-1, 3-1) and Indiana (5-1-1, 3-1) for first place in the Big Ten.

Oklahoma State 49, Missouri 21: In Stillwater, Oklahoma, Barry Sanders scored twice early in the third quarter for the No. 15 Cowboys (5-1, 2-1) in a Big Eight game. Sanders, the nation's leading rusher, was held to 83 yards on 18 carries in the first half but broke loose for a 45-yard touchdown down the left sideline on OSU's second play of the third period.

Oregon 17, Washington 14: In Eugene, Oregon, Terry Obee sped six yards to score on a fourth-down reverse with 1:40 to play as the Ducks (6-1, 3-1) upset No. 17 Washington (4-3, 1-3) in the Pac-10.

Syracuse 38, East Carolina 14: In Greenville, North Carolina, Robert Drummond rushed for 117 yards and scored twice for 19th-ranked Orangemen (6-1).

Arizona State 31, Washington State 28: In Pullman, Washington, Nathan LaDuke intercepted Timm Rosenbach's 11-yard pass in the end zone with 1:06 left to preserve ASU's victory. (NYT, AP, UPI)

Mike Conway/The Associated Press

Flanker Ricky Watters, gaining first-half yardage for Notre Dame.

VANTAGE POINT/Thomas Boswell

Of Demigods for One Season

Washington Post Service

WASHINGTON — By the time a baseball season reaches October, the sport has, over seven months, developed a central hero or two, an Achilles or a Hercules, who in each camp issues forth for battle.

One will be the man who, for a time, is favored by the gods.

The Los Angeles-Oakland World Series of 1988 began with four men — two on each team — who stood so far above all others that what befell them carried disproportionate weight.

The Athletics had Jose Canseco, the first player to hit 40 home runs and steal 40 bases in the same season. He epitomized the Athletics: intimidation through size with grace. A Dodger scout, in a pre-Series meeting, said his goal was "to bring Canseco down off Mount Olympus and compare him to somebody in the National League."

Oakland also had Dennis Eckersley, a phoenix reborn as a relief pitcher. Left in the ashcan by the Chicago Cubs, he not only had saved or won 49 games, but had saved every game in the American League playoffs. Nothing in baseball is harder than getting the last out.

The Dodgers, though the inferior team in talent, had pitcher Orel Hershiser. Hershiser entered the playoffs with the longest streak of shutout innings in history. He was the ace of aces. Then, against the New York Mets, he raised the ante even higher by starting three games, saving another and sneaking into the bullpen to warm up in yet another. When he should have been exhausted, he shut out the Mets in a winner-take-all game for the pennant.

The battered word "awesome" was on every tongue. And awe is reserved for heroes.

Los Angeles also had as symbolic a warrior as the game has seen in years: Kirk Gibson, a fellow who seems to maim himself so his deeds will become doubly hung with the mantle of leadership. Playing in pain against the Mets, Captain Kirk, going where no man had gone before, hit two game-winning home runs within 13 hours.

The Athletics' great mistake in the World Series was their assumption that their aura of collective power was insuperable. Canseco talked openly about dominating a quick, five-game Series. Don Baylor, a leader in other years who has become a slightly embittered man as his glory days wane, impugned the courage of the Dodgers' key relief pitcher. He might as well have said: "We have Eckersley, you have only this timid person named Jay Howell. I know him: a mere mortal."

In Game 1 of the Series, Eckersley faced a Gibson who could barely stand. Down to his last strike, Gibson hit a home run that, in some photos, seemed to have been struck with one hand. No other player, not in the entire 20th century, had ever hit a sudden-death homer to turn a Series defeat into victory. Gibson became a myth redoubled. Eckersley, until such time as he could undo the damage, had been exposed as vulnerable. And Eckersley never got another chance.

And Gibson's home run had upstaged one by Canseco — and not just a homer, but a grand slam.

In the second game, Hershiser demonstrated how — if your deity dues are paid up — you can slay dragons. He not only pitched a shutout (his eighth in 10 starts) but had as many hits that game as all the A's.

Canseco went into a slump that would reach 0-for-18 by the end of the Series. "He threw me nothing but fastballs," Canseco said of Hershiser. "No pitcher has ever done that and gotten away with it. If he can do it to me, he can do it to anybody." Within two days, Canseco was saying he was "only a third-year player" and "carrying a team" was too much to ask of him. His team "wasn't playing like the real A's." As for himself: "I'm still learning."

The Dodgers' final weapon was their notion that no defeat could demoralize them. Why? Because, in their collective humility before the gods of talent, they freely admitted their weaknesses. As compensation for their lack of skill, they were granted supreme resiliency.

This Series was decided in the fourth game. The Athletics led their ace, Dave Stewart. The Dodgers countered with a rookie who had lasted two innings in Game 1 — failing, he admitted, because of nerves. "I was going crazy out there," said Tim Belcher. Because of mounting injuries, the Dodger lineup was a collection of spurned role players dedicated to earning some respect.

But from the moment the Dodgers somehow scored two runs on one wee first-inning single, the Athletics seemed mesmerized. When Howell — the exile, the avenger — took the mound, the feeling rose, and remains in retrospect, that he could not lose.

And by the time he had humbled Canseco, McGwire and Dave Parker there was hardly a need to play a fifth game. Canseco and McGwire (between them 2-for-36), Stewart and Eckersley (both beaten) had been exposed as merely excellent, not possessed of magic.

In the final game, Mickey Hatcher hit a home run in the first inning. Another humble foot soldier, Mike Davis, hit a two-run homer. Rick Dempsey doubled in a run. Gibson was never even needed.

It had become whose year this was. Like Bob Gibson in 1967 or Reggie Jackson in 1977 or Willie Stargell in 1979 or George Brett in 1985, there was one man clearly blessed by the fates: Hershiser.

Fate has its proper place in sports, as Tommy Lasorda, the Dodger manager, knows. That's why he left Hershiser in to face Canseco — the tying run at bat — in the eighth inning. Talk about burning the book: Every manager knows you never let a tired pitcher give away the last run of a big lead when you have a strong bullpen. But Lasorda trusted his gut, and Hershiser's.

The count on Canseco went to one ball, two strikes. Hershiser shook off Dempsey once, twice. What was he thinking? "I wanted to surprise Canseco," said Hershiser.

What he wanted to do was to tempt fate, trust his luck, finish his roll. He wanted to throw the last pitch in the world that anyone would dare: A fastball, belt-high and inside. Miss by inches and it's the pitch Canseco hits farthest. Hershiser's pitch didn't reach Dempsey's glove, but it was dead on target. And Canseco's sickly pop-up fell like a dying dream.

After that, the Athletics were mush. With the distance between pitching mound and plate 60 feet, 6 inches (18.44 meters), Parker swung at what Hershiser mischievously called "a 55-foot curveball. So I threw him another one." The inning, and the Athletics' last rally, ended as Parker took two preposterous swings at pitches that bounced before they reached him.

In defeat, the Athletics were philosophical and gracious. What else could they be? Humility is easy. The Dodgers, immortal now for a winter, drank champagne, the wine of forgetfulness.

Next spring, another season begins. But what the Dodgers and Athletics bring forward with them from this week in October will last them exactly one game. That's the half-life of a demigod. Then, it will be 1989 — the "next year" we all invoke. And once again we will say to each other that, while baseball is just a game, we're certainly glad it's back, with all its strange and sometimes haunting power.

Martin Jeong/Reuters-UPI

Hershiser tempted fate, trusted his luck — and finished his roll.

Ian Barrett/Reuters-United Press International

ROUGHING IT — Brian Skrudland of the Canadiens clearly had the upper hand against Buffalo's Mike Ramsey in this set-to Saturday at the Forum in Montreal. The Canadiens won the NHL game, 4-3; a night earlier, the Sabres had registered a 5-3 home-ice victory over Montreal.

Bills Defeat Pats In Final Seconds

The Associated Press

ORCHARD PARK, New York — Scott Norwood kicked three field goals Sunday, the third winning the game with 13 seconds to play, as the Buffalo Bills edged the New England Patriots, 23-20, in the National Football League.

The Bills drove 69 yards before Norwood broke a 20-20 tie with a 33-yard kick that raised Buffalo's AFC East-leading record to 7-1.

The Patriots, who forced six turnovers in defeating previously unbeaten Cincinnati last week, got four against the Bills but dropped to 3-5.

New England's Teddy Garcia, who had missed on four of 13 extra point kicks entering the game, missed on his fifth and failed on three field goal kicks, including one from 25 yards in the first quarter.

Bengals 44, Oilers 21: In Cincinnati, James Brooks ran for two of his three touchdowns during a 28-point first quarter — the biggest in team history — as the once-beaten Bengals beat Houston.

Turnovers set up three of the four first-quarter touchdowns that put the Bengals in command.

The Oilers closed to 35-21 on two touchdown passes by Warren Moon in a 3:18 span of the third quarter. But erratic Tony Zendejas missed on a 53-yard field goal kick on Houston's next possession, and the Bengals ground out a 72-yard drive in nine rushing plays to put the game out of reach.

Giants 23, Falcons 16: In Atlanta, New York turned interceptions by Harry Carson and Carl Banks into two touchdowns within 33 seconds in the final two minutes for a 23-16 comeback.

The Giants took the lead on Banks' 15-yard interception return for a touchdown after Carson's interception set up the tying score.

Banks picked off the pass from backup quarterback Hugh Millen, who had entered the game after Chris Miller suffered an injured elbow nerve on Banks' tackle during Carson's interception.

The Giants tied at 16 with 1:57 left on Ottis Anderson's one-yard run, capping a 32-yard drive that started after Carson's interception.

The Falcons' Michael Haynes then caught a 20-yard pass from Millen at the New York one but could not score as time expired.

Steelers 39, Broncos 21: In Pittsburgh, Rodney Carter, who had carried only once previously this season, ran for 105 yards and two touchdowns and Gary Anderson kicked a club-record six field goals as the Steelers ended a six-game losing streak.

NFL ROUNDUP

They turned four Denver turnovers, including three interceptions of Gary Kubiak, into a touchdown and three of Anderson's field goals to end their longest losing streak in 20 seasons. The 1969 Steelers, 1-13, lost their final 13 games.

Denver, playing without injured quarterback John Elway, had its three-game winning streak ended.

The Steelers, criticized for a lack of offensive imagination, unveiled a series of gimmicks.

Vikings 49, Bucs 20: In Tampa, Florida, Wade Wilson passed for 335 yards and three touchdowns while Minnesota's defense intercepted Vinny Testaverde six times.

Wilson, replacing Tommy Kramer as the starting quarterback, completed 22 of 30 passes for an offense that had produced only 28 points its three previous games.

Testaverde, a second-year pro who talked last week of "turning the corner" in his young career after throwing for 469 yards against Indianapolis, was 19 of 45 passing for 222 yards and one touchdown. The six interceptions give him 22 for the season, most in the NFL.

Detroit 7, Chiefs 6: In Kansas City, Missouri, Rusty Hilger threw a 14-yard touchdown pass to Jeff Chadwick in the second quarter as Detroit won the game between the NFL's two lowest-scoring teams.

Eagles 24, Cowboys 23: In Philadelphia, Randall Cunningham passed one yard to Anthony Toney for a touchdown with four seconds left to rally the Eagles from a 20-0 first-half deficit as they handed Dallas its fourth straight defeat.

The Eagles took possession with 2:11 left and Cunningham directed a 16-play, 85-yard drive that dropped the Cowboys to 2-6, their worst start since 1963.

Saints 20, Raiders 6: In New Orleans, 260-pound (117-kilogram) fullback Craig Heyward ran 73 yards for a touchdown on the first play of the third quarter, starting a second-half rally against Los Angeles.

Bo Jackson started at running back for the Raiders, gained 25 yards on his first carry and 20 on his second, then went out with a pulled hamstring muscle. The Raiders also lost guard Charley Hannah with a broken left ankle, while quarterback Jay Schroeder, who threw an 85-yard touchdown pass to wide receiver Mervyn Fernandez in the second quarter, was only five of 20 passing for 116 yards before giving way to Steve Beuerlein in the last period.

SCOREBOARD

FOOTBALL

College Results

EAST

Army 34, Rutgers 24
Bucknell 21, Columbia 7
Coast Guard 17, Union 10
Colgate 21, Davidson 0
Connecticut 38, Maine 21
Cornell 24, Dartmouth 7
Delaware 10, Massachusetts 7
Dickinson 21, Swarthmore 0
Hamilton 28, Middlebury 14
Holy Cross 35, Brown 14
New Hampshire 10, Northeastern 10
New Haven 22, S. Connecticut 13
Penn 10, Yale 3
Pittsburgh 28, Navy 6
Princeton 23, Harvard 0
Rhode Island 17, Richmond 10
Rochester 28, St. Lawrence 6
Trinity 20, Bates 9
Tufts 24, [illegible]
Wesleyan 27, Amherst 0
Williams 21, Colby 0

SOUTH

Alabama 8, Penn St. 3
Auburn 33, Mississippi St. 0
Citadel 24, Boston U. 13
Delaware St. 31, Morgan St. 0
Florida St. 66, La. Tech 3
Jackson St. 24, Grambling St. 17
James Madison 27, VMI 0
Kentucky 16, Georgia 10
Louisville 28, Tulane 25
Marshall 38, Tenn.-Chattanooga 7
[illegible]

MIDWEST

[illegible]

SOUTHWEST

[illegible]

FAR WEST

[illegible]

CFL Standings

[illegible]

HOCKEY

NHL Standings

WALES CONFERENCE

[illegible]

CAMPBELL CONFERENCE

[illegible]

FRIDAY'S RESULTS

[illegible]

SATURDAY'S RESULTS

[illegible]

SOCCER

SPANISH FIRST DIVISION

[illegible]

ITALIAN FIRST DIVISION

[illegible]

ENGLISH FIRST DIVISION

[illegible]

WEST GERMAN FIRST DIVISION

[illegible]

WORLD CUP GROUP 3 QUALIFIER

[illegible]

TENNIS

MEN'S TOURNAMENTS

[illegible]

WOMEN'S TOURNAMENT

[illegible]

BASKETBALL

NBA Exhibition Results

[illegible]

BASEBALL

World Series MVPs

1955: Johnny Podres, Brooklyn (NL)
1956: Don Larsen, New York (AL)
1957: Lew Burdette, Milwaukee (NL)
1958: Bob Turley, New York (AL)
1959: Larry Sherry, Los Angeles (NL)
1960: Bobby Richardson, New York (AL)
1961: Whitey Ford, New York (AL)
1962: Ralph Terry, New York (AL)
1963: Sandy Koufax, Los Angeles (NL)
1964: Bob Gibson, St. Louis (NL)
1965: Sandy Koufax, Los Angeles (NL)
1966: Frank Robinson, Baltimore (AL)
1967: Bob Gibson, St. Louis (NL)
1968: Mickey Lolich, Detroit (AL)
1969: Donn Clendenon, New York (NL)
1970: Brooks Robinson, Baltimore (AL)
1971: Roberto Clemente, Pittsburgh (NL)
1972: Gene Tenace, Oakland (AL)
1973: Reggie Jackson, Oakland (AL)
1974: Rollie Fingers, Oakland (AL)
1975: Pete Rose, Cincinnati (NL)
1976: Johnny Bench, Cincinnati (NL)
1977: Reggie Jackson, New York (AL)
1978: Bucky Dent, New York (AL)
1979: Willie Stargell, Pittsburgh (NL)
1980: Mike Schmidt, Philadelphia (NL)
1981: Ron Cey, Pedro Guerrero and Steve Yeager, Los Angeles (NL)
1982: Darrell Porter, St. Louis (NL)
1983: Rick Dempsey, Baltimore (AL)
1984: Alan Trammell, Detroit (AL)
1985: Bret Saberhagen, Kansas City (AL)
1986: Ray Knight, New York (NL)
1987: Frank Viola, Minnesota (AL)
1988: Orel Hershiser, Los Angeles (NL)

TRANSITION

[illegible]

'Can-Can' From a Can-Do Music Man

International Herald Tribune

PARIS — The sound of the musical comedy is more than a little jangled these days: Britain, longtime home of Ivor Novello's genteel eternal matinees, is producing Andrew Lloyd Webber's technological blockbusters, while brash Broadway offers Stephen Sondheim's interior musings.

Neither composer provides tunes that the public can hum as they fold back their seats and leave the theater. This is the bur-

MARY BLUME

geoning realm of revivals, the latest of which is Cole Porter's "Can-Can," which opens in London on Wednesday.

"Can-Can," which was very late Cole Porter, didn't exactly set Broadway alight when it opened 35 years ago: "Not Mr. Porter's liveliest score," said Brooks Atkinson, who further described Abe Burrows's book as "heavy-handed facetiousness."

The London revival has been greatly reworked, with the addition of several Porter songs, including one called "Absinthe" that he wrote at Yale, and the book has been adapted by Julian More, whose heroes since the days he was playing in the Footlights Revue at Cambridge while ostensibly studying history and modern languages were Burrows and Porter.

More, who lives in Provence and was in Paris on his way to the previews of "Can-Can" in London, knows France too well to want to duplicate the ersatz ooh-la-la Montmartre of the original show. "Just playing Cole Porter on the accordion does not make him French. Nor is Abe Burrows Sacha Guitry," he says. "What we are all of us is very Anglo-Saxon."

On the other hand, his Gay Paree will not be sanitized as the morality of the 1950s demanded. "You couldn't say in those days that the whole point of the cancan was that the girls did it without bloomers. This was not mentioned in the original. Now they do take them off, or the effect is that they're taking them off. We're not doing a sort of 'Oh! Calcutta!'" he adds.

"'Can-Can' had one wonderful song, "It's All Right With Me," and two clinkers that became classics: "C'est Magnifique" and amazingly turgid "I Love Paris." No question of ditching them, but "I Love Paris" will be done as a sung-in-cheek raunchy opening number. As for "C'est Magnifique," More says it's sing-along time at the theater when that number comes along.

"All the old dears at the matinees sing that song along with our cast. I think that for real Paris buffs this isn't the show," he adds. "It's mainly about how Anglo-Saxons look at Paris."

Julian More is the leading expert on cross-Channel musicals, having transformed the French "Irma la Douce" into a hit in London and New York with not a little help from its director, Peter Brook. He recently came a cropper with Gilbert Becaud's musical "Roza," which was based on the film "Madame Rosa," which was in turn based on Romain Gary's novel, "La vie devant soi."

It took about five years to get "Roza," which was staged by Hal Prince, into shape and while it played very well in Baltimore, it lasted for only 10 nights on Broadway.

"I'm not very good about Broadway," More says. "People say sour grapes. Mine is a whole vineyard. I hate the place at the moment." He thinks the musical's future, in Britain and in the United States, lies in regional theaters where financial pressure is less intense.

More agrees with one line of the unfriendly review of "Roza" in the Los Angeles Times: "The American musical needs help these days."

"It's become too dependent on sets and science and science and sound designers," he says, "and it's gone too intellectual. I'm a great admirer of Steve Sondheim. I know him well and love his work, but he's been the master of a lot of younger people who are working from their heads whereas musicals have to be from the heart. They cannot be from anywhere else."

The emphasis now is on long runs (Cole Porter, More points out, would be happy with a run of one year) and on the bottom line. Instead of brilliant monomaniac producer there are gray-suited production teams who sit around boardroom tables with fax machines.

"I said to them, 'Guys, what do you think of the script?'" More says of a recent meeting with the "Can-Can" team. "'We're not too happy with the story thrust,'" they said. It was all like advertising, which I was in years ago."

He became a copywriter after working as an inspector for a banknote-printing firm in the City of London. ("They liked to have people from Cambridge and a public school background and all the rubbish that went on in those days.") In 1956 he wrote a hit musical about the Venice film festival called "Grab Me a Gondola," which was followed two years later by "Expresso Bongo," a Brecht-Weill-influenced musical about the seedy Soho pop music world.

More is a sunny-faced man who still thinks musicals are fun. The characteristic of the old-time American musical, he says, is that they believed in American values. "Rodgers and Hammerstein were always about good people basically, but then there was some villain — Poor Jud or 'You've Got to Be Taught to Hate.' There was something that threatened the dream and you came out thinking the world was a better place.

"Then came the Vietnam war and 'Hair' which questioned these values, although it was a loving musical in a way. Musicals were no longer reassuring, Sondheim musicals are not reassuring."

These days, More says, the field for musicals is wide open. "I think every conceivable musical can be done. Perhaps you can do the 'Three Sisters' as a musical."

Perhaps. More himself thought, with his longtime collaborator, Monty Norman, of doing a musical about the gentleman thief Raffles. He also seriously contemplated a musical about Freud called 'Tales from the Vienna Woodshed.'

"I thought it would be great fun to do the case histories of Freud to the music of Johann Strauss, but I was afraid I might get sued by the Freud estate because it's all in copyright."

After "Can-Can" opens, More will go back to Provence to write his fourth travel book, which is on the river Seine, and he will go off to Palm Beach and Buenos Aires to work on the second draft of a film called "Polo," his first movie script since he was called in, too late, to rewrite a biography of Chanel called "Chanel Solitaire."

"I turned 60 this year and I've never been busier," he said. "I was trying to think of what the French is for jack-of-all-trades, I am sure they have a nonpejorative thing for it. *Bonne à tout faire*, perhaps?" he asked.

Catherine Arkaoui

Julian More in rehearsal: The "old dears at matinees" sing some of the songs along with the cast.

LANGUAGE

Just the Faxes on Laptops, Pit Bulls

By William Safire

WASHINGTON — Time was, the sexist male boss dreamed of inveigling his female secretary to sit on his lap. Today, male and female executives dream of using their laps as launching pads for brainy little machines called *laptops*.

Wait — how can a lap have a top? A lap is already a top — a seated person's thightops — which can be more laboriously defined as "the horizontal area from knees to waist formed in the sitting position by a lascivious boss of either sex." (The word is rooted in the Latin *labi*, "to slide," and if you have ever had anyone slide off your lap as you rose, surprised by an unwelcome office boy, you can imagine how some embarrassed Roman senator might have coined the term.) But whence *laptop?*

This new word is on everyone's lips, and has even made it into the new unabridged Random House *II* Dictionary, because as an adjective or attributive noun modifying *computer*, it gives us "a computer small enough to be rested on the user's lap," presumably when the user is traveling and no desk is available.

The desk is the clue to the formation of *laptop*. The earlier word was *desktop*, which was coined on the analogy of tabletop by Dashiell Hammett in 1929: "He . . . returned his feet to the desktop." Other mystery writers, such as Rex Stout, picked up the word (it was a favorite area for activity by private eyes), and it was adopted in the late 1960s to describe computers then on the drawing boards that could be used in homes as well as offices. Today, it describes computers that are not as portable as laptops and is gaining frequency in the phrase *desktop publishing*.

As computers proliferated on the tops of desks, the smaller size reached for an extension of the analogy. The first citation in Nexis, the computerized clip service, comes from 1984: David Winer, the founder of a computer software firm, Living Videotext Inc., and his brother Peter, used the word *laptop* in Byte magazine. Reached at his headquarters in Palo Alto, California, David Winer said, "I wish I could say I coined the word *laptop*, but I didn't. It was already in common use in the industry. We tried various plays on the term, including *floortop*, *beachtop* and *bedtop*."

Because *desktop* had already lost its hyphen, *laptop* was born without a hyphen; both words are now more often used adjectivally, but the phrase *laptop computer* is dropping the final word, and *laptop* will probably soon most often be used in its noun form: "I'm working on my 20-megahertz *laptop* with its 40-megabyte hard disk, General, which is why it is not advisable for me to stand and salute."

We should not be surprised by the appearance of *laptop*; the idea of a working surface on the lap dates back to 1804 with *lapboard*. The current combination has the added advantage of consonance, which is the technique of repeating a consonant sound — such as the *m* as in *time frame*, or *dim sum*, or, in this case, the final *p* of *lap* and *top*. (Alliteration deals only with the beginnings of words; consonance deals usually with the middles and endings.)

"YOU got a *fax?*"

"Uh-huh."

"What's your *fax* number?"

You mumble a telephone number.

"OK, I'll *fax* it to you."

In this brief modern conversation, you have heard the word *fax* used as noun, adjective and verb.

Thomas Fuller, the 17th-century theologian, would have been thrilled. It was he who first used *facsimile* in "The History of the Worthies of England," applying the Latin phrase to the sort of writer we all know: "He, though a quick Scribe, is but a dull one, who is good only at *fac simile*, to transcribe out of an original."

The Latin meant "make similar," and since 1815 the compressed phrase has meant "exact copy from transmission." Scientific American in 1935 wrote that "The home radio set will produce a copy of the printed material that was fed into the broadcasting machine, with picture and text reproduced in *facsimile*." The New Yorker in 1948 defined *facsimile newspaper* as one that "travels through the air."

Today *fax* is surely on the make. *Telefacsimile*, which appeared in 1952, is the system of sending and reproducing written material via telephone lines and, on the analogy of *telex*, was shortened to *telefax* and then to the simple *fax*. The Economist in 1976 defined *facsimile transmission (fax)* as "a hybrid between telex and photocopying."

The language did the right thing in changing the sound of the first syllable of *facsimile* from *c* or *cs* to *x*. The plural of *fax* is *faxes*, not "facs" or "facses," which leads to the inexorable conclusion that in work conducted at home or at the office, the only certainties are death and faxes.

A new worry: *junk fax*, on the analogy of junk *mail*, which is on the analogy of *junk jewelry*. "We got our first junk fax recently, and it gave me a horrible chill," The New York Times recently quoted an irate fax owner as saying. "It uses up our paper and ties up our machine." The unwanted fax came from a company that sells facsimile supplies, including the paper the fax was printed on.

GEORGE BUSH proudly described himself and his running mate, Dan Quayle, as "a couple of pit bulls." In a headline, Time magazine labeled the campaign so far as "pit-bull politics."

The pit bull terrier gained its name and fierce reputation from being used in cruel and bloody dogfights in a pit that protected spectators. It is a generic term for a cross between a bulldog and a terrier, and is not a breed. Although the American pit bull terrier has been recognized by the United Kennel Club, a similar dog, recognized by the larger American Kennel Club, is called the American Staffordshire terrier.

"It's unfair that the term *pit bull* is being used," says Andy Johnson of the United Kennel Club, "to make the dogs suffer from adverse publicity." He estimates a pit bull population of more than 200,000 in the United States today. "Just as with any breed, some may be dangerous, but that's not true of the majority," he says.

The *pit* has long been the place where animals are made to fight. In Shakespeare's time, one form of competition for the Globe Theatre was the Bear Garden, which featured fights between chained bears and dogs; such fights were not outlawed in England until 1835.

The use of the phrase in politics and political reporting is an unfair slur on the animals. It's not the dogs, but the low-blow campaigning, that is the pits.

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